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F. THORNTON STRANG  
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\*ALSO LICENSED IN GEORGIA  
\*ALSO LICENSED IN ALABAMA

July 15, 2003

The Honorable Deborah Taylor Tate  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: Application of Jackson Energy Authority

Dear Chairman Tate:

We have enclosed for filing an original and 14 copies of the Application of Jackson Energy Authority for a Certificate of Convenience and Necessity.

If you have questions regarding this matter, or if you need further information, please do not hesitate to call.

Thank you.

Sincerely,



Mark W. Smith  
For the Firm

MWS:gb

Enclosures

cc: Mr. John W. Williams (w/enc.)  
Mr. Kim Kersey(w/enc.)  
Teresa Cobb, Esq. (w/enc.)  
Mr. Dwight S. Work(w/enc.)

JEA/TRA - 25

03-00438

## BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN RE:

APPLICATION OF JACKSON ENERGY :  
 AUTHORITY FOR A CERTIFICATE OF :  
 CONVENIENCE AND NECESSITY TO :  
 PROVIDE TELECOMMUNICATIONS :  
 SERVICES AS A CARRIERS' CARRIER :

Docket No. 03-00438


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APPLICATION FOR A CERTIFICATE TO PROVIDE  
TELECOMMUNICATIONS SERVICES AS A CARRIERS' CARRIER

---

Pursuant to applicable Tennessee Statutes and the Rules and Regulations of the Tennessee Regulatory Authority, Section 253 of the Federal Telecommunications Act of 1996 ("Act"), and the provisions of Chapter 55 of the 2001 Private Acts of the Tennessee General Assembly (the "JEA Private Act"), Jackson Energy Authority ("JEA") respectfully requests the Tennessee Regulatory Authority ("TRA") grant to JEA the authority, as may be required by law, to provide facilities-based telecommunications services as a carriers' carrier within Madison County, Tennessee. JEA is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of such telecommunications services.

In support of its Application, JEA submits the following:

1. The full name and address of the Applicant is:

Jackson Energy Authority  
 119 East College Street  
 Jackson, Tennessee 38301  
 Telephone: (731) 422-7500

Questions regarding this application should be directed to:

Carlos C. Smith  
Mark W. Smith  
Strang, Fletcher, Carriger, Walker, Hodge & Smith, PLLC  
400 Krystal Building / One Union Square  
Chattanooga, Tennessee 37402  
Telephone: (423) 265-2000  
Facsimile: (423) 756-5861

and

Teresa Cobb  
General Counsel  
Jackson Energy Authority  
119 East College Street  
Jackson, Tennessee 38301  
Telephone: (731) 422-7500  
Facsimile: (731) 422-7241

Contact name and address at the Company is:

John W. Williams  
President and Chief Executive Officer  
Jackson Energy Authority  
119 East College Street  
Jackson, Tennessee 38301  
Telephone: (731) 422-7500  
Facsimile: (731) 422-7241  
e-mail: [jwilliams@jaxenergy.com](mailto:jwilliams@jaxenergy.com)

Following certification, the TRA contact for financial and accounting matters at JEA will be:

Dana R. Wheeler  
Senior Vice President and Chief Financial Officer  
Jackson Energy Authority  
119 East College Street  
Jackson, Tennessee 38301  
Telephone: (731) 422-7207  
Facsimile: (731) 422-7221  
e-mail: [dwheeler@jaxenergy.com](mailto:dwheeler@jaxenergy.com)

Following certification, the TRA and customer/consumer (as applicable) contact at JEA will be:

Kim Kersey  
Senior Vice President of Telecommunications  
Jackson Energy Authority  
119 East College Street  
Jackson, Tennessee 38301  
Telephone: (731) 422-7257  
Facsimile (731) 422-7221  
e-mail: [kkersey@jaxenergy.com](mailto:kkersey@jaxenergy.com)

2. Organization Chart of Corporate Structure:

See attached **Exhibit A** for organizational chart of corporate structure.

3. Corporate information:

JEA is a utility authority created on July 1, 2001, by a Private Act of the Tennessee General Assembly. JEA is the successor to the Jackson Utility Division of the City of Jackson, Tennessee, which was originally created in 1959. JEA provides electric, gas, water and wastewater services to approximately 38,000 homes, businesses and industries in Jackson, Tennessee and adjacent areas of Madison County, Tennessee. A copy of the JEA Private Act is attached as **Exhibit B**.

JEA intends to construct a cable television system with a "fiber to the home" broadband network architecture ("Network"). The Network will have the capabilities of supporting telephony and/or data services in addition to its core cable television, video and Internet capabilities. Upon completion, the Network will consist of a 658 mile all-fiber optic network designed and manufactured by Wave7 Optics that relies fundamentally on an Internet Protocol (or "IP") over Gigabit Ethernet architecture. This architecture will provide the Network the capability to deliver, cost-effectively, 500 Mbps of symmetrical

bandwidth to individual subscribers using a single fiber. The Network will be capable of utilizing Voice-over-IP-technology to transport telephony traffic as prioritized IP packets over extremely high bandwidth fiber links, assuring high quality of service and feature set capability. Likewise, the architecture of the Network will be capable of providing unsurpassed bi-directional bandwidth and robust and flexible quality-of-service management for superior data transport.

JEA will utilize the Network to provide cable television within Madison County, and JEA will utilize the Network to provide Internet services, either directly or in combination with one or more Internet service providers; but JEA does not presently intend to utilize the Network to offer voice or data service to end users. Instead, JEA desires to create a platform for competition in the competitive local exchange markets by entering into wholesale contractual relationships with one or more third party competitive local exchange carriers ("CLEC Customers") that will utilize the Network to provide these services to end users. JEA anticipates that these contractual arrangements may include fixed per line access charges, compensation arrangements under which JEA will be compensated a fixed percentage of the CLEC Customer's gross revenues, or some combination of the foregoing. JEA does not anticipate entering into any arrangement that will involve the joint ownership or joint control of assets or the sharing of profits or losses with these CLEC Customers, and JEA does not by this Application seek approval to enter into any such arrangement.

JEA anticipates that the CLEC Customers will be responsible for providing or arranging for the following matters:

- all end use services required by law or regulation;
- a soft-switch that is compatible with the Network;
- connections with long distance carriers;
- interconnections with BellSouth and other CLECs;
- technicians to operate and maintain the CLEC Customer's equipment;
- sales personnel and related agent compensation;
- labor and materials for commercial installations, as well as PBX systems and other equipment beyond JEA's gateway to the Network;
- customer support and service; and
- engineering and technical service.

JEA will provide the Network, including the installation and maintenance of subscriber specific infrastructure, such as customer gateways to the Network. Additionally, while the CLEC Customers will not be required to purchase these services from JEA, JEA intends to offer the CLEC Customers the following services:

- billing and customer records management for telephony and data services;
- payment collection at various payment locations of JEA;
- customer sales services and/or locations at various locations of JEA;
- inclusion of the CLEC Customer's services under the JEA brand umbrella, including inclusion in JEA's general marketing and advertising; and
- customer service and help desk support for end use customers.

Section 4(7) of the JEA Private Act authorizes JEA to own and operate a telecommunications system and to provide telecommunications services, and in Section 2(20) of the JEA Private Act, the General Assembly broadly defined telecommunications services to include telephone and voice, cable television, data, and Internet access services, among other authorized services. Under Section 4(7) of the JEA Private Act, the telecommunications system is to be independent of and separate from other utility systems of JEA, as is required of each of JEA's core utility services. To accomplish this, JEA will create and operate a Telecommunications Division (the "JEA Telecommunications Division"), in the same manner as JEA has already created and presently operates divisions for its electric, water, wastewater and gas services. Within the JEA Telecommunications Division, JEA will create distinct business units for cable, Internet and telephony services, and JEA will provide the applied for services under this Application through the JEA telephone business unit of the JEA Telecommunications Division.

JEA has established cost allocation guidelines that will apply to the JEA Telecommunications Division. These guidelines are consistent with JEA's traditional practice to allocate costs among its various separate utility divisions. For regulatory purposes, JEA will also allocate costs within the Telecommunications Division among its cable, Internet and telephone business units. JEA has attached as **Exhibit C** a copy of JEA's Cost Allocation Manual.

4. JEA possesses the managerial, technical, and financial ability to provide telecommunications service, as demonstrated below:

A. Financial Qualifications:

JEA has the financial capability to provide the applied-for services. Because of the unique technical capabilities of JEA's fiber-based cable system, nearly all capital expenditures and most operating expenses will fall under the cable business unit of its Telecommunications Division, and JEA's telephone business unit will have minimal capital requirements, other than for its on-going working capital needs.

At its May 22, 2003 Board meeting, the JEA Board of Directors adopted bond resolutions authorizing the issuance of up to sixty million dollars (\$60,000,000) of bonds to provide for the construction of the Network and operating expenses during the start-up period of JEA's cable and Internet operations.

**Exhibit D** contains a pro forma balance sheet, income statement, and statement of cash flows for the telephone business unit of the JEA Telecommunications Division. To provide for the required working capital, JEA has obtained a line of credit in the amount of \$1,000,000 from Union Planters Bank. A copy of the Union Planters commitment letter and a set of JEA's most recent audited financial statements are attached as **Collective Exhibit E**.



Neither JEA's financials nor its projected financials reflect any revenues or expenses associated with reciprocal compensation.

A corporate surety bond is provided as Exhibit F.

Thus, JEA asserts that it has the financial resources necessary to operate as a wholesale carriers' carrier in Tennessee.

B. Managerial Ability:

JEA has substantial experience with and expertise in facilities-based utility services. As shown in Exhibit G to this Application, JEA has the managerial expertise to successfully operate a broadband enterprise in Tennessee. As described in the attached biographical information, JEA's management team has extensive management and business experience with facilities-based utility services.

In addition, JEA's Senior Vice President of Telecommunications has substantial management and business experience in the cable television, internet and broadband services sector, and another member of JEA's management team members has substantial experience with fiber optic cable engineering, construction, and maintenance.

To supplement the experience and expertise of its internal management team, JEA will rely upon the expertise of its fiber to the home vendors and will secure independent third party consultants on an as needed basis.

C. Technical Qualifications:

Because JEA will not provide retail local exchange services, JEA's CLEC Customers will be responsible for satisfying the minimum standards established by the TRA. JEA's CLEC Customers will also be responsible for filing and maintaining tariffs in the manner prescribed by the TRA and to meet minimum basic local standards, including quality of service and billing standards required of all local exchange carriers regulated by the TRA. JEA's CLEC Customers will also be responsible for compliance with the TRA prohibition on requiring customers to purchase consumer premises equipment that cannot be used with the incumbent local exchange carrier's systems.

As noted in the biographical information contained in Exhibit G, there are three officers of JEA who have engineering backgrounds and extensive experience in facilities-based utility system management, and another officer who has several years of experience and expertise in related fields. JEA has also hired a Telecommunications Project Manager with extensive experience in fiber optic cable network design and construction, as well as in the operation and maintenance of a broadband network. In addition, JEA will secure the services of one or more third party consultants on an as need basis to supplement JEA's internal experience and expertise. Thus, directly and through its contractual

arrangements with its CLEC Customers, JEA is technically qualified to provide local exchange service in Tennessee.

5. Proposed Service Area:

JE A proposes to offer its services to carriers within Madison County, Tennessee as permitted by applicable state and federal law. JE A intends to offer its services through the use of its own facilities.

6. Types of Telecommunications Service to be provided:

As indicated above, JE A does not intend to directly provide local exchange service to end users. Instead, JE A intends to offer wholesale services through contractual arrangements with one or more CLEC Customers. These CLEC Customers will, in turn, offer a broad variety of local exchange services to residential, business and industrial customers in Madison County. JE A's CLEC Customers will be responsible for providing an initial line of local services that are, at a minimum, comparable to that offered by BellSouth.

In addition, JE A's CLEC Customers will be responsible for: 1) Providing access to 911 and E911 emergency service; 2) Providing white page directory listings and directory assistance; 3) Providing consumer access to and support for the Tennessee Relay Center in the same manner as incumbent local exchange telephone companies; 4) Providing free blocking service for 900, 976 type services in accordance with TRA policy; 5) Providing Lifeline and Link-up services to qualifying citizens of this state; 6) Providing educational discounts in existence as of June 6, 1995, all in accordance with TRA Rule 1220-4-8-.04.

7. Repair and Maintenance:

JEA understands the importance of effective customer service for local service customers. Where a CLEC Customer arranges for JEA to provide customer support to the CLEC Customer's end use customers, those end use customers will be able to call JEA at a designated service number, and this will be a local call for those customers. In addition, those end use customers may contact JEA in writing or in person at the headquarters address, as well as via e-mail at [www.jaxenergy.com](http://www.jaxenergy.com). The local service number will be printed on the customer's monthly billing statements. The contact person knowledgeable about JEA's operations following certification will be Kim Kersey, Senior Vice President of Telecommunications, referenced in **Paragraph 1**, above.

Grant of the Application will further the goals of the Tennessee Legislature and further the public interest by expanding the availability of competitive telecommunications services in the State of Tennessee. In addition, intrastate offering of these services is in the public interest because the services will provide Tennessee customers new technologies, increased efficiencies, and cost savings. Authorizing JEA to provide certain services to CLECs that, in turn, provide competitive local exchange telecommunications services to end users will enhance materially the telecommunications infrastructure in the State of Tennessee and will facilitate economic development.

In particular, the public will benefit both directly, through the use of the competitive services to be offered by JEA's CLEC Customers and indirectly, because JEA's presence in Tennessee will increase the incentives for other telecommunications providers to

operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service. Grant of this Application will further enhance the service options available to Tennessee citizens for the reasons set forth above.

8. Small and Minority-Owned Telecommunications Business Participation Plan (65-5-212):

See Exhibit H

9. Toll Dialing Parity Plan:

JEA's CLEC Customers will be responsible for abiding by the then current state and federal regulatory requirements relating to toll dialing parity plans.

10. Applicant has served notice of this application to the eighteen 18 incumbent local exchange telephone companies in Tennessee with a statement regarding the company's intention of operating geographically. The notice is attached as Exhibit I.

11. Numbering Issues:

At this time, JEA does not intend to request its own NXXs or to issue its own telephone numbers. JEA's CLEC Customers will be responsible for abiding by the then current state and federal regulatory requirements relating to numbering issues.

12. Tennessee Specific Operational Issues:

See Exhibit J.

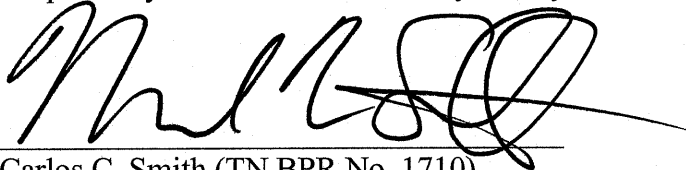
13. Miscellaneous:

- A. Sworn Pre-filed testimony: Exhibit K.
- B. JEA's CLEC Customers will be responsible for complying with TRA requirements concerning end use customer deposits.
- C. JEA is not providing telecommunications service in any other state and, therefore, has not been subject to complaints of any other States.
- D. JEA will file any required tariffs subsequent to the Application's approval and before providing regulated services in Tennessee, in accordance with applicable statutes and regulations.

## CONCLUSION

JEA respectfully requests that the TRA enter an order granting it a certificate of convenience and necessity to operate as a telecommunications service provider and authority to provide telecommunications services under contractual arrangements with CLEC Customers on a facilities-based basis in Madison County, Tennessee in the service areas of BellSouth. For the reasons stated above, JEA's provision of these services would promote the public interest by providing high-quality service at competitive prices and by creating greater economic incentives for the development and improvement for all competing providers.

Respectfully submitted this 14th day of July, 2003.



Carlos C. Smith (TN BPR No. 1710)

Mark W. Smith (TN BPR No. 16908)

Counsel for Jackson Energy Authority

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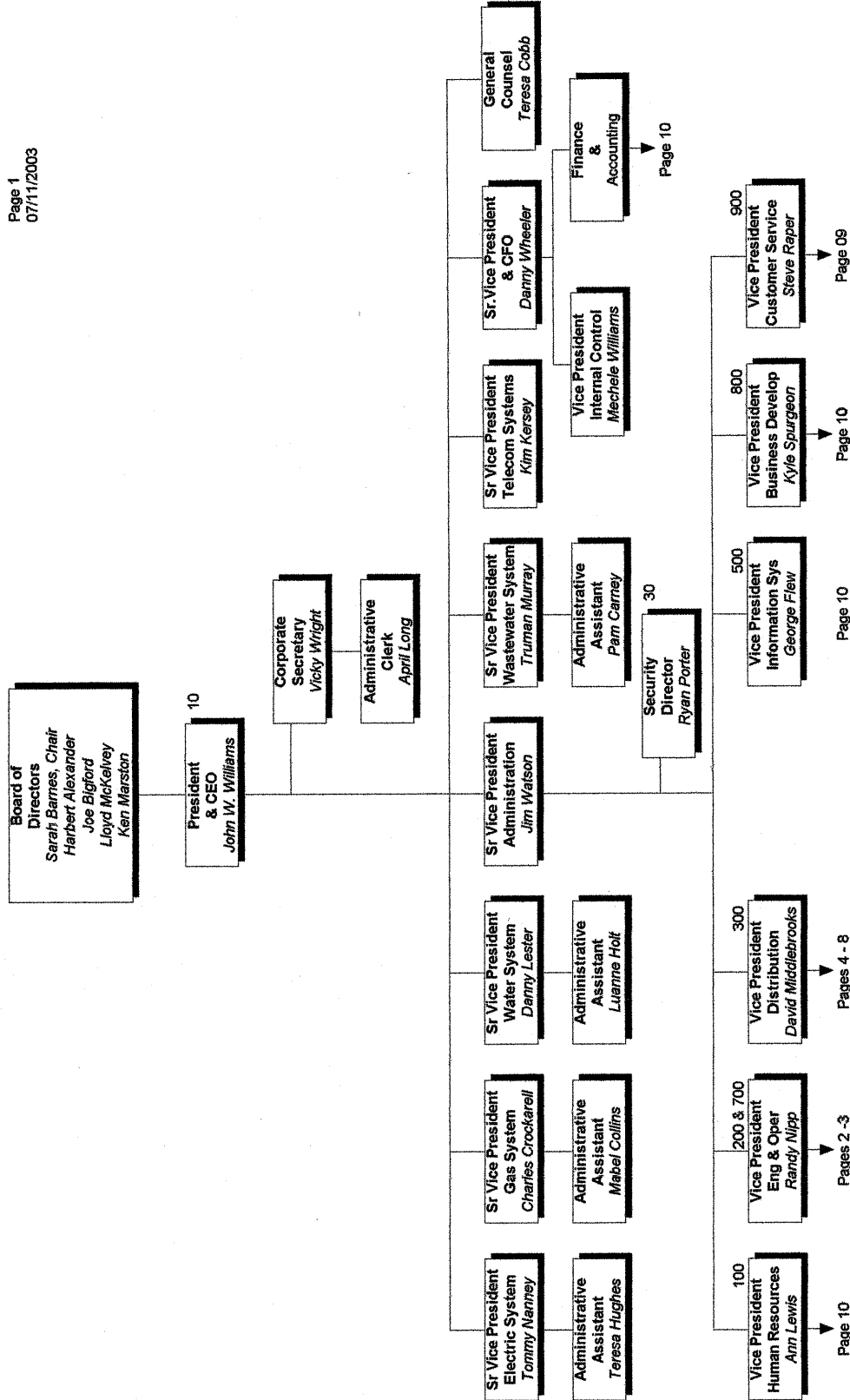
Facsimile: (731) 422-7241

**EXHIBIT A**  
[ORGANIZATIONAL CHART]



# Jackson Energy Authority

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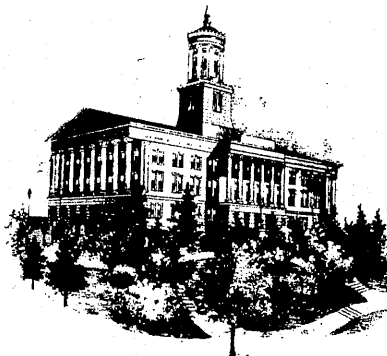
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# **EXHIBIT B**

[CHAPTER 55 OF PRIVATE ACTS OF 2001]

# State of Tennessee



## Department of State

*To all to whom these Presents shall come, Greeting:*  
*I, Riley C. Darnell, Secretary of State*  
*of the State of Tennessee, do hereby certify that the annexed is a true copy of*

PRIVATE CHAPTER NO. 55

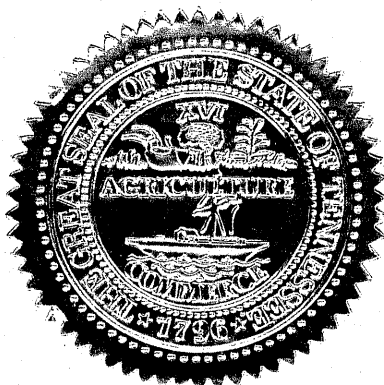
HOUSE BILL NO. 2017

PRIVATE ACTS OF 2001

*the original of which is now on file and a matter of record in this office.*

*In Testimony Whereof, I have hereunto subscribed*  
*my Official Signature and by order of the Governor affixed the Great Seal*  
*of Tennessee at the Department in the*

*City of Nashville, this 31st day*  
*of August, A.D. 2001*



*Riley C. Darnell*  
*Secretary of State*

# State of Tennessee

PRIVATE CHAPTER NO. 55

HOUSE BILL NO. 2017

By Representatives Kisber, Shaw

Substituted for: Senate Bill No. 1982

By Senator Carter

AN ACT to create and empower the Jackson Energy Authority and to amend Chapter 407 of the Acts of 1909; Chapter 168 of the Private Acts of 1915; Chapter 354 of the Private Acts of 1959, which established the Jackson Utility Division; Chapter 272 of the Private Acts of 1963; and all acts amendatory thereto.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE

SECTION 1. This act shall be known and may be cited as the "Jackson Energy Authority Act".

SECTION 2. As used in this act, unless the context clearly requires otherwise:

(1) "Acquire" means to construct or to acquire by purchase, lease, lease-purchase, devise, gift, exercise of the power of eminent domain, or exercise of any other mode of acquisition.

(2) "Authority" means the Jackson Energy Authority created by this act.

(3) "Board" means the board of directors of the authority.

(4) "Bonds" means bonds, interim certificates, notes, debentures, lease-purchase agreements, and all other evidences of indebtedness either issued by or the payment of which has been assumed by the authority.

(5) "City" or "City of Jackson" means the city of Jackson, Tennessee.

(6) "City bonds" means bonds of the city of Jackson issued to finance or refinance any of the systems, as more fully described in Section 11(c) hereof.

(7) "City council" means the legislative body of the city of Jackson.

(8) "Dispose" means to sell, lease, convey, or otherwise transfer any property or any interest in property of the authority.

(9) "Electric service" means the furnishing of electric power and energy for lighting, heating, power, or any other purpose for which electric power and energy can be used.

(10) "Energy" means any and all forms of energy no matter how or where generated or produced.

(11) "Federal agency" means the United States of America, the president of the United States of America, the Tennessee Valley Authority, and any other authority, agency, instrumentality, or corporation of the United States of America heretofore or hereafter created by or pursuant to any act or acts of the Congress of the United States.

(12) "Gas service" means the furnishing of various types of gas and related energy for heating, processing, lighting and any other purpose for which gas and its related products can be used.

(13) "Improve" means to construct, reconstruct, improve, repair, extend, enlarge, or alter.

(14) "Improvement" means any improvement, extension, betterment, or addition to any System.

(15) "Municipality" means any county or incorporated city or town within or outside the State.

(16) "Person" means any natural person, firm, association, corporation, limited liability company, business trust or partnership.

(17) "Refunding bonds" means bonds of the authority issued to refund all or any part of bonds of the authority or the city bonds, as more fully described in Section 11(b) and (c) hereof.

(18) "State" means the state of Tennessee.

(19) "System" means any plant, works, system, facility, property, or parts thereof, together with all appurtenances thereto, used or useful in connection with the furnishing of any of the services and commodities authorized to be provided herein, including generation or production facilities, transmission facilities, storage facilities, distribution and collection facilities, and all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and all appurtenances, contracts, leases, franchises and other intangibles relating to the foregoing.

(20) "Telecommunications service" means the offering of telecommunications for a fee directly to the public, or to such class of users as to be effectively available directly to the public regardless of the facilities used, including, but not limited to, telephone, cable television, voice, data, and video transmissions, video programming, Internet access and related services, load control, meter reading, appliance monitoring, power exchange, and billing, or any other telecommunications service(s) that may be provided, as allowed by law, including servicing and repairing related equipment.

(21) "Wastewater service" means the collection, transportation and treatment of water discharged from residential, commercial, industrial or other processes for final discharge to the environment.

(22) "Water service" means the procurement, treatment, and distribution of water for domestic use or any other purpose for which water can be used.

SECTION 3. A governmental authority, to be known as the Jackson Energy Authority, is hereby created and constituted. The authority shall be a public corporation in perpetuity under the corporate name of the Jackson Energy Authority, and shall under that name be a political subdivision of the state and a body politic and corporate. The authority is created for the purpose of planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining water, wastewater, gas, telecommunications and electric utility systems within or outside the corporate limits of the city of Jackson, and such other utility systems as a municipal water, wastewater, gas, telecommunications or electric utility is authorized by the general laws of the state of Tennessee to own or operate.

SECTION 4. The authority shall have the power and is authorized, effective immediately upon the effective date of this act, either singly or jointly with one or more persons, municipalities, or federal agencies, or with the state, or with one or more agencies or instrumentalities of the state or any municipality:

(1) To sue and be sued;

(2) To have a seal and alter the same at pleasure;

(3) To acquire, construct, improve, furnish, equip, finance, own, operate and maintain, within or outside the corporate limits of the city of Jackson, a system for the furnishing of water service and to provide water service to any person, governmental

entity, or other user or consumer of water services within or outside the city of Jackson; provided, the system shall be operated as a separate system independent of and separate from the other utility systems of the authority and managed by the water division of the authority; and provided, further, the authority shall not exercise any of the powers granted in this subsection wholly or partly within the legal boundaries of an incorporated city or town or a utility district incorporated pursuant to the Utility District Act of 1937, as amended, or any other municipal entity, except as allowed by law, without the consent of the governing body of such city, town, utility district, or municipal entity;

(4) To acquire, construct, improve, furnish, equip, finance, own, operate and maintain within or outside the corporate limits of the city of Jackson, a system for providing wastewater service to any person, governmental entity, or other user or consumer of wastewater services within and outside the city of Jackson; provided, the system shall be operated as a separate system independent of, and separate from, the other utility systems of the authority and managed by the wastewater division of the authority; and provided, further, the authority shall not exercise any of the powers granted in this subsection wholly or partly within the legal boundaries of an incorporated city or town or a utility district incorporated pursuant to the Utility District Act of 1937, as amended, or any other municipal entity, except as allowed by law, without the consent of the governing body of such city, town, utility district, or municipal entity;

(5) To acquire, construct, improve, furnish, equip, finance, own, operate and maintain within or outside the corporate limits of the city of Jackson, a system for the furnishing of gas and related products and to provide gas service to any person, governmental entity, or other user or consumer of gas services within or outside the city of Jackson; provided, the system shall be operated as a separate system independent of, and separate from, the other utility systems of the authority and managed by the gas division of the authority; and provided, further, the authority shall not exercise any of the powers granted in this subsection wholly or partly within the legal boundaries of an incorporated city or town or a utility district incorporated pursuant to the Utility District Act of 1937, as amended, or any other municipal entity, except as allowed by law, without the consent of the governing body of such city, town, utility district, or municipal entity; and provided, further, notwithstanding the foregoing, the authority is empowered to sell propane gas only within the boundaries of Madison County, Tennessee and only to persons outside the boundaries of Madison County being provided propane gas service by Jackson Utility Division on May 1, 2001;

(6) To acquire, construct, improve, furnish, equip, finance, own, operate and maintain within or outside the corporate limits of the city of Jackson, a system for the furnishing of electrical service and to provide electric service to any person, governmental entity, or other user or consumer of electric services within or outside the city of Jackson; provided, the system shall be operated as a separate system independent of, and separate from, the other utility systems of the authority and managed by the electric division of the authority; and provided, further, the authority shall not exercise any of the powers granted in this subsection wholly or partly within the legal boundaries of an incorporated city or town or electric cooperative, except as allowed by law, without the consent of the governing body of such city, town or cooperative;

(7) To acquire, construct, improve, furnish, equip, finance, own, operate and maintain within and outside the corporate limits of the city of Jackson, a system for the furnishing of telecommunications service and to provide telecommunication service to any person, governmental entity, or other user or consumer of telecommunications services within or outside the city of Jackson; provided, the system shall be operated as a separate system independent of, and separate from, the other utility systems of the authority; and provided, further, to the extent that the authority, or any joint venture, partnership or cooperative arrangement of which the authority is a party, or any limited liability company or not-for-profit corporation of which the authority is a member provides telephone or telegraph services, the authority, or such other entity, shall be subject to regulation by the Tennessee regulatory authority in the same manner and to the same extent as other certified providers of such services, including, without limitation, rules or orders governing anti-competitive practices, and shall be considered as and have the duties of a public utility, as defined in Section 65-4-101, but only to the extent necessary to effect such regulation and only with respect to the authority's provision of telephone

and telegraph services; and provided, further, that the authority shall have all the powers and authority conferred upon municipalities by Sections 7-52-401, 7-52-403, 7-52-405, 7-52-406, 7-52-601, 7-52-602, 7-52-603 (except Section 7-52-603(a)(1)(A)), 7-52-604, 7-52-605, and 7-52-609, and in the exercise of said powers and authority shall be subject to all the obligations, restrictions and limitations imposed upon municipalities by said sections and imposed upon providers of the services described therein by federal law; provided, that all actions authorized by said sections to be taken by the board or supervisory body having responsibility for a municipal electric plant or authorized to be taken by the chief legislative body of the municipality shall be authorized to be taken by the board of directors of the authority and all powers granted to a municipal electric system under said sections shall be exercised by the electric division of the authority; and provided further, that, notwithstanding the provisions of Section 5 hereof, the telecommunications system shall not be combined with any of the other systems.

(8) To fix, levy, charge and collect such fees, rents, tolls or other charges for the use of, or in connection with, any system of the authority as shall be consistent with the provision of the services or sale or other disposition of the commodities provided by the various utilities authorized herein at reasonable cost based on sound economy, public good, and prudent business operations, which fees, rents, tolls or charges shall be established by the board without the necessity of review or approval by any other municipality, the state, or any commission or authority thereof or any federal agency other than as provided in appropriate federal statutes or contracts and other than as provided in subparagraph (7) above; provided, however, that whenever any of such fees, rents, tolls or other charges, other than such charges as shall be regulated pursuant to subparagraph (7) are to increase, notice of the intended increase shall be published in a newspaper of general circulation in the area served by the authority, and the increase shall not be effective until thirty (30) days from and after the date of publication of the notice. If, during such period, protests against the increase are filed with the board of directors by as many as one percent (1%) of the users of the service affected, then the proposed increase shall not be effective unless approved by the city council of the city of Jackson. The notice of the proposed increase shall include a statement as to the number of users of such service on the date of the publication of such notice. Those protesting such increase shall do so in writing, stating their name and street address.

(9) To acquire, hold, own and dispose of property, real and personal, tangible and intangible, or interests therein, in its own name, subject to mortgages or other liens or otherwise and to pay therefor in cash or on credit through installment payments, and to secure the payment of all or any part of any installment obligations in connection with any acquisition;

(10) To have complete control and supervision of any system of the authority and to make such rules and regulations governing the rendering of service thereby as may be just and equitable;

(11) To contract debts, borrow money, issue bonds, and enter into lease-purchase agreements to acquire, construct, improve, furnish, equip, extend, operate or maintain any system or systems, or any part thereof, or to provide the authority's share of the funding for any joint undertaking or project, and to assume and agree to pay any indebtedness incurred for any of the foregoing purposes;

(12) To accept gifts or grants of money or property, real or personal, and voluntary and uncompensated services or other financial assistance from any person, federal agency, or municipality, for, or in aid of, the acquisition or improvement of any system;

(13) To condemn either the fee or such right, title, interest, or easement in property as the board may deem necessary for any of the purposes mentioned in this act, and such property or interest in such property may be so acquired whether or not the same is owned or held for public use by corporations, associations, or persons having the power of eminent domain, or otherwise held or used for public purposes, and such power of condemnation may be exercised in the mode or method of procedure prescribed by Tennessee Code Annotated, Title 29, Chapter 16, as amended or changed, or in the mode or method of procedure prescribed by any other applicable

statutory provisions now in force or hereafter enacted for the exercise of the power of eminent domain; provided, however, that where title to any property sought to be condemned is defective, it shall be passed by decree of court; provided, further, that where condemnation proceedings become necessary the court in which such proceedings are filed shall, upon application by the authority and upon the posting of a bond with the clerk of the court in such amount as the court may deem commensurate with the value of the property, order that the right of possession shall issue immediately or as soon and upon such terms as the court, in its discretion, may deem proper and just;

(14) To make and execute any and all contracts and instruments necessary or convenient for the full exercise of the powers herein granted, and in connection therewith to stipulate and agree to such covenants, terms and conditions and such term or duration as shall be appropriate, including, but without limitation, contracts for the purchase or sale of any of the commodities or services authorized herein to be provided by the authority, and carry out and perform the covenants, terms and conditions of all such contracts and instruments. In connection with any contract to acquire or sell any of the commodities or services authorized herein, the authority may enter into commodity price exchange or swap agreements, agreements establishing price floors or ceilings, or both, or other price hedging contracts with any person or entity under such terms and conditions as the authority may determine, including, without limitation, provisions permitting the authority to indemnify or otherwise pay any person or entity for any loss of benefits under such agreement upon early termination thereof or default thereunder. When entering into any such contract or arrangement or any such swap, exchange or hedging agreement evidencing a transaction bearing a reasonable relationship to this state and also to another state or nation, the authority may agree in the written contract or agreement that the rights and remedies of the parties thereto shall be governed by the laws of this state or the laws of such other state or nation; provided, that jurisdiction over the authority shall lie solely in the courts of Madison County, Tennessee;

(15) To sell, exchange or interchange any of the commodities or services authorized to be provided herein either within or outside the state and to establish prices to be paid for such commodities or services and establish pricing structures with respect thereto, including provision for price rebates, discounts, and dividends; and, in connection with any such sales, exchanges or interchanges, to act as agent for such consumers, to secure contracts and arrangements with other entities or persons, to make contracts for the sale, exchange, interchange, pooling, transmission, distribution, or storage of any of the commodities or services authorized to be provided herein, inside or outside this state, and to transmit, transport and distribute any such commodities or services both for itself and on behalf of others;

(16) To make contracts and execute instruments containing such covenants, terms, and conditions as may be necessary, proper or advisable for the purpose of obtaining loans from any source, or grants, loans or other financial assistance from the state or any federal agency, and to carry out and perform the covenants and terms and conditions of all such contracts and instruments;

(17) To enter on any lands, waters, and premises for the purpose of making surveys, soundings, and examinations in connection with the acquisition, improvement, operation, or maintenance of any system and the furnishing of any of the services herein;

(18) To provide to any municipality, person, federal agency, the state or any agency or instrumentality thereof, transportation and storage capacity for any of the commodities or services authorized herein, and management and purchasing services associated therewith;

(19) To employ, engage, retain and pay compensation to such officers, agents, consultants, professionals and employees of the authority as shall be necessary to operate the systems, manage the affairs of the authority and otherwise further the purposes of the authority and the exercise of the powers thereof, and to fix their compensation and to establish a program of employee benefits, including a retirement system;



(20) To establish a retirement system for all employees of the authority and to maintain all rights and benefits of employees as they existed under the retirement system of the Jackson Utility Division without diminution and to participate in the Tennessee Consolidated Retirement System in accordance with Title 8, Chapter 35, Part 2; and;

(21) To enter into joint ventures and cooperative arrangements with one or more persons, including the formation of a partnership, limited liability company or not-for-profit corporation to accomplish any of the purposes set forth herein or to exercise any of the powers set forth herein;

(22) Immediately upon the effective date of this act, to commence operating the systems and to exercise exclusive control and direction of the systems and, upon proper action by the city, to accept title to the assets and assume the liabilities of the systems;

(23) To contribute its funds for the financial aid of any nonprofit charitable organization or nonprofit civic organization, as such terms are defined in Section 6-54-111; and

(24) To do any and all acts and things herein authorized or necessary or convenient to carry out the powers expressly given in this act under, through or by means of its own officers, agents, and employees, or by contracts with any person, federal agency, or municipality.

SECTION 5. Each system of the authority shall operate independently of the others and shall be self-sustaining, except insofar as the board may by resolution combine any of the systems which in the opinion of the board shall be advisable and economical and which by the general laws of the state or any federal laws or any contracts or indentures are not required to be operated separately.

#### SECTION 6.

(a) The affairs of the authority and the exercise of the powers of the authority shall be vested in the board of directors. The following powers shall be exercised directly by the board by resolution of the board:

(1) Selection and employment of the president who shall serve as the chief executive officer of the authority, who shall serve at the pleasure of the board and whose compensation shall be set by the board. All other officers and employees of the authority shall be selected, employed and discharged pursuant to procedures approved by the chief executive officer;

(2) Issuance of bonds of the authority and the encumbering of assets of the authority, to the extent authorized herein, to secure any such bonds;

(3) Approval of rates of each of the systems;

(4) Approval of the annual budget of each of the systems;

(5) Adoption of by-laws for the conduct of the business of the board;

(6) Selection of a certified public accountant or accountants to perform audits of the books and affairs of the authority; and

(7) Adoption of a purchasing policy for the authority as hereinafter provided and the approval of purchases and disposition of property in accordance with the terms thereof.

(b) All other powers of the authority shall be exercised by the chief executive officer of the authority and the officers, agents and employees of the authority, unless the board, acting by resolution, shall revoke the delegation of any such powers.

#### SECTION 7.

(a) The board of directors of the authority shall consist of five (5) directors who shall be appointed by the mayor of the city of Jackson, subject to approval by the city council. The initial board of directors shall be composed of the members of the board of utility commissioners of the Jackson utility division, who shall serve as directors for the unexpired terms of their appointment to the board of utility commissioners, and who shall take office and begin exercising the powers herein granted immediately upon the effective date hereof. All subsequent appointments shall be for five (5) year terms. Each term of office shall commence on July 1 and end on June 30 of the fifth full year of the term. The mayor of the city of Jackson shall fill each vacancy created by an expiring term and gain approval of the city council not later than June 10 prior to the expiration of the term of office of any director; the appointment to be effective on the immediately following June 30. Except as provided in Section 8 hereof, each director shall hold office until his successor is appointed, approved and qualified and each director shall be eligible for reappointment.

(b) Immediately upon their qualification as a board, and in July of each subsequent year, the board of directors shall select from the board's membership a chairman and a vice-chairman. No additional compensation shall be paid to a director for serving as chairman or vice-chairman. The board shall have a recording secretary, who need not be a member of the board and who shall be appointed by the chief executive officer, subject to the approval by the board. The recording secretary shall record all minutes of the board, keep and maintain all books and records of the board and perform such other duties as the chief executive officer shall determine.

(c) The board shall hold regular monthly meetings and special meetings as may be necessary for the transaction of the business of the authority. Special meetings of the board may be called by the chairman or, in the absence or disability of the chairman, by any board member. No meeting of the board shall be held unless a majority of the directors are present. All acts of the board shall be by a vote of three (3) or more directors. Resolutions of the board shall be effective upon adoption after one (1) reading and may be adopted at the same meeting at which they are introduced. The time and place of all meetings will be set by the board. The compensation of directors for serving on the board shall be in an amount fixed by resolution of the board.

Each director shall be a customer of the authority or work for a person that is a customer of the authority and shall be at least twenty-five (25) years of age. Each director shall give bond in the sum of ten thousand dollars (\$10,000), with good security, conditioned to faithfully perform the duties of his office and shall take and subscribe an oath or make affirmation to uphold the Constitution and laws of the state of Tennessee, and faithfully to discharge the duties of his office. No director shall hold any full-time, salaried public office or be elected to public office.

SECTION 8. Any director may be removed from office for cause upon a vote of two-thirds (2/3) of the members of the city council of the city of Jackson, but only after preferment of formal charges by resolution of a majority of the members of the city council.

#### SECTION 9.

(a) The board shall appoint a president, as provided in Section 6, who shall be chief executive officer of the authority and who shall be qualified by training and experience for the general management of the acquisition, improvement and operation of the business and affairs of the authority. The salary of the president shall be fixed by the board. The president shall serve at the pleasure of the board.

(b) Within the limits of the funds available therefor and subject to exercise by the board of the powers reserved to it pursuant to Section 6 hereof, all powers of the authority granted herein shall be exercised by the chief executive officer and the various officers and employees of the authority.

(c) The chief executive officer shall have charge of the management and operation of the systems and the enforcement and execution of all rules, regulations, programs, plans and decisions made or adopted by the board.

(d) The chief executive officer shall appoint each system division head and all officers of the authority, all of whom shall serve at the pleasure of the chief executive officer, and the chief executive officer shall be responsible for maintaining an adequate work force for the authority and establishing a compensation structure for the work force.

(e) Subject to the terms of Section 10 hereof, the chief executive officer is authorized to acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the authority.

(f) All contracts, agreements, indentures, trust agreements and other instruments necessary or proper in carrying out the purposes and powers of the authority or in conducting the affairs of the authority or in operating the systems of the authority shall be executed by the chief executive officer, or his designee or designees, the signature thereof to be binding upon the authority; provided, however, the execution by the chief executive officer of any such contract, agreement, indenture, trust agreement or instrument implementing or evidencing the exercise of powers reserved to the board pursuant to Section 6 hereof shall first be approved by resolution of the board.

(g) The chief executive officer shall cause to be kept full and proper books and records of all operations and affairs of the authority and shall cause to be kept separate books and accounts for each system, so that these books and accounts will reflect the financial condition of each division separately, and may require that the moneys and securities of each division be placed in separate funds to the end that each division shall be self-sustaining. All divisions will be audited annually by an independent certified public accountant selected by the board of directors.

SECTION 10. The board shall adopt a policy governing all purchases of services or property, whether real or personal, all leases and lease-purchases and the disposition of all property of the authority. The policy shall authorize the chief executive officer, or his designee or designees, to enter into contracts and agreements for the purchase of services or property, real or personal, leases and lease-purchases, disposition of property of the authority with a value not exceeding an amount from time to time established by the board, and providing for board approval for such purchases, leases, lease-purchases and dispositions in excess of such amount. Subject to the terms of the purchasing policy relating to board approval, the chief executive officer, or his designee or designees, on behalf of the authority, shall be authorized to execute all contracts, purchase orders and other documents necessary or proper in connection with the purchase of property or services and the disposition of property of the authority, including deeds of conveyance of real property. The policy authorized by this section shall provide for competitive bidding in appropriate circumstances, exceptions to any competitive bidding requirements when competitive bidding is not practical, procedures for the purchase of commodities such as natural gas and other energy sources traded in public markets, procedures for documentation of compliance with purchasing procedures and such other provisions and terms as the board deems necessary or desirable.

#### SECTION 11.

(a) The authority shall have power and is authorized to issue its bonds for the construction, acquisition, reconstruction, improvement, betterment or extension of any system of the Authority or to assume and to agree to pay any indebtedness incurred for any of the foregoing purposes. The proceeds of the sale of any bonds may be applied to:

(1) The payment of the costs of such construction, acquisition, reconstruction, improvement, betterment or extension;

(2) The payment of the costs associated with any such construction, acquisition, reconstruction, improvement, betterment or extension, including engineering, architectural, inspection, legal and accounting expenses;

(3) The payment of the costs of issuance of such bonds, including underwriter's discount, financial advisory fee, preparation of the definitive bonds, preparation of all public offering and marketing materials, advertising, credit enhancement, and legal, accounting, fiscal and other similar expenses;

(4) The payment of interest during the period of construction and for six (6) months thereafter on any money borrowed or estimated to be borrowed;

(5) Reimbursement of the authority for moneys previously spent by the authority for any of the foregoing purposes;

(6) The establishment of reasonable reserves for the payment of debt service on such bonds, or for repair and replacement to the system of the authority for whose benefit the financing is being undertaken, or for such other purposes as the board shall deem necessary and proper in connection with the issuance of any bonds and operation of the system for whose benefit the financing is being undertaken;

(7) The contribution of the authority's share of the funding for any joint undertaking for the purposes hereinabove set forth; and

(8) The contribution by the Authority to any subsidiary or separate entity controlled by the Authority for the purposes hereinabove set forth.

(b) The authority shall have the power and is hereby authorized to issue its bonds to refund and refinance outstanding bonds of the authority heretofore or hereafter issued or lawfully assumed by the authority. The proceeds of the sale of the bonds may be applied to:

(1) The payment of the principal amount of the bonds being refunded and refinanced;

(2) The payment of the redemption premium thereon, if any;

(3) The payment of unpaid interest on the bonds being refunded, including interest in arrears, for the payment of which sufficient funds are not available, to the date of delivery or exchange of the refunding bonds;

(4) The payment of interest on the bonds being refunded and refinanced from the date of delivery of the refunding bonds to maturity or to, and including, the first or any subsequent available redemption date or dates on which the bonds being refunded may be called for redemption;

(5) The payment of the costs of issuance of the refunding bonds, including underwriter's discount, financial advisory fee, preparation of the definitive bonds, preparation of all public offering and marketing materials, advertising, credit enhancement, and legal, accounting, fiscal and other similar expenses, and the costs of refunding the outstanding bonds, including the costs of establishing an escrow for the retirement of the outstanding bonds, trustee and escrow agent fees in connection with any escrow, and accounting, legal and other professional fees in connection therewith; and

(6) The establishment of reasonable reserves for the payment of debt service on the refunding bonds, or for repair and replacement to the system of the authority for whose benefit the financing is being undertaken, or for such other purposes as shall be deemed necessary and proper in connection with the issuance of the refunding bonds and operation of the system for whose benefit the financing is being undertaken. Refunding bonds may be issued to refinance and refund more than one issue of outstanding bonds, notwithstanding that such outstanding bonds may have been issued at different times. Refunding bonds may be issued jointly with other refunding bonds or other bonds of the authority. The principal proceeds from the sale of refunding bonds may be applied either to the immediate payment and retirement of the bonds being refunded or, to the extent not required for the immediate payment of the bonds being refunded, to the deposit in escrow with a bank or trust company to provide for the payment and retirement at a later date of the bonds being refunded.

(c) The authority shall have the power and is authorized to issue its bonds to retire all bonds of the city of Jackson issued to finance or refinance any of the systems,

and, to the extent permitted by contracts with any of the owners of the city bonds, to assume and agree to pay when due the city bonds, retire the city bonds, or deposit in escrow funds sufficient, together with earnings thereon, to retire the city bonds at maturity or upon redemption.

(d) The authority shall have the power and is hereby authorized to issue bonds in anticipation of the collection of revenues from the system for whose benefit the financing is undertaken for the purpose of financing electrical power or gas purchases, including storage costs and pipeline capacity costs. Any such bonds shall be secured solely by a pledge of, and lien on, the revenues of the system for whose benefit the financing is undertaken. The principal amount of bonds which may be issued during any twelve (12) month period shall not exceed sixty percent (60%) of total electrical power or gas purchases for the same period, and all notes issued during such period shall be retired and paid in full on, or before, the end of such period. The notes shall be sold in such manner, at such price and upon such terms and conditions as may be determined by the board. No notes shall be issued under this subsection unless the electric system or gas system, as applicable, has positive retained earnings as shown in the most recent audited financial statements of the system, and the system has produced positive net income in at least one (1) fiscal year out of the three (3) fiscal years next preceding the issuance of the bonds as shown on the audited financial statements of the system. No bonds issued under this subsection shall be issued without first being approved by the state director of local finance. If revenues of such system are insufficient to pay all such bonds at maturity, any unpaid bonds may be renewed one (1) time for a period not to exceed one (1) year or otherwise liquidated as approved by the comptroller of the treasury or the director of the division of local finance.

(e) Bonds issued hereunder as a part of an issue the last maturity of which is not later than five (5) years following the date of issue shall be issued, and referred to, as notes.

#### SECTION 12.

(a) No bonds shall be issued or assumed hereunder unless authorized to be issued or assumed by resolution of the board, which resolution may be adopted at the same meeting at which it is introduced by a majority of all members thereof then in office, and shall take effect immediately upon adoption. Bonds authorized to be issued hereunder may be issued in one (1) or more series, may bear such date or dates, mature at such time or times, not exceeding forty (40) years from their respective dates, bear interest at such rate or rates, payable at such time or times, be in such denominations, be in such form, either coupon or registered, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution or resolutions may provide. Bonds may be issued for money or property at competitive or negotiated sale for such price or prices as the board, or its designee, shall determine.

(b) Bonds may be repurchased by the authority out of any available funds at a price not to exceed the principal amount thereof and accrued interest, and all bonds so repurchased shall be cancelled or held as an investment of the authority as the board may determine.

(c) Pending the preparation or execution of definitive bonds, interim receipts or certificates or temporary bonds may be delivered to the purchasers of bonds.

(d)

(1) With respect to all or any portion of any issue of bonds issued hereunder, at any time during the term of the bonds, and upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the contracts and agreements authorized in this subsection are in compliance with the guidelines, rules or regulations adopted or promulgated by the state funding board, as set forth in Section 7-34-109(h), the authority, by resolution of the board, may authorize and enter into interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings or both, and other interest rate hedging agreements under such terms and conditions as the board may

determine, including, without limitation, provisions permitting the authority to pay to, or receive from, any person or entity any loss of benefits under such agreement upon early termination thereof or default under such agreement.

(2) The authority may enter into an agreement to sell bonds (other than its refunding bonds) under this act providing for delivery of its bonds on a date greater than ninety (90) days and not greater than five (5) years (or such greater period of time if approved by the comptroller of the treasury or the comptroller's designee), from the date of execution of such agreement or to sell its refunding bonds providing for delivery thereof on a date greater than ninety (90) days from the date of execution of the agreement and not greater than the first optional redemption date on which the bonds being refunded can be optionally redeemed resulting in cost savings or at par, whichever is earlier, only upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the agreement or contract of the authority to sell its bonds as authorized in this subsection is in compliance with the guidelines, rules or regulations adopted or promulgated by the state funding board in accordance with the provisions of Section 7-34-109(h). Agreements to sell bonds and refunding bonds for delivery ninety (90) days or less from the date of execution of the agreement do not require a report of the comptroller of the treasury or the comptroller's designee.

(3) Prior to the adoption by the board of a resolution authorizing a contract or agreement described in subdivision (1) or (2), a request shall be submitted to the comptroller of the treasury or the comptroller's designee for a report finding that such contract or agreement is in compliance with the guidelines, rules or regulations of the state funding board. Within fifteen (15) days of receipt of the request, the comptroller of the treasury or the comptroller's designee shall determine whether the contract or agreement substantially complies with the guidelines, rules or regulations and shall report thereon to the municipality. If the report of the comptroller of the treasury or the comptroller's designee finds that the contract or agreement complies with the guidelines, rules or regulations of the state funding board or the comptroller of the treasury shall fail to report within the fifteen (15) day period, then the authority may take such action with respect to the proposed contract or agreement as it deems advisable in accordance with the provisions of this section and the guidelines, rules or regulations of the state funding board. If the report of the comptroller of the treasury or the comptroller's designee finds that such contract or agreement is not in compliance with the guidelines, rules or regulations, then the authority is not authorized to enter into such contract or agreement. The guidelines, rules or regulations shall provide for an appeal process upon a determination of noncompliance.

(4) When entering into any contracts or agreements facilitating the issuance and sale of bonds, including contracts or agreements providing for liquidity and credit enhancement and reimbursement agreements relating thereto, interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings or both, other interest rate hedging agreements, and agreements with the purchaser of the bonds, evidencing a transaction bearing a reasonable relationship to this state and also to another state or nation, the authority may agree in the written contract or agreement that the rights and remedies of the parties thereto shall be governed by the laws of this state or the laws of such other state or nation; provided, that jurisdiction over the authority shall lie solely in the courts of Madison County, Tennessee.

(5) Prior to the adoption or promulgation by the state funding board of guidelines, rules or regulations with respect to the contracts and agreements authorized in subsections (1) and (2), the authority may enter into such contracts or agreements to the extent otherwise authorized by the general laws of the state.

SECTION 13. In order to secure the payment of the principal and interest on the bonds issued hereunder, or in connection with such bonds, the authority has the power to secure such bonds and to covenant as to the bonds as set forth in Section 9-21-306 and Section 7-34-110 as such provisions shall from time-to-time be amended.

SECTION 14. No owner or owners of any bonds issued hereunder shall ever have the right to compel any exercise of the taxing powers of the state, the city of Jackson, or any other municipality or political subdivision of the state to pay such bonds or the interest thereon. Each bond issued under this act shall recite in substance that such bond, including the interest thereon, is payable solely from the revenues pledged to the payment thereof, and that the bond does not constitute a debt of the state, any municipality or any other political subdivision therein.

SECTION 15. Bonds issued hereunder bearing the signature of the chief executive officer in office on the date of the signing thereof shall be valid and binding obligations, notwithstanding that before the delivery thereof and payment therefor any or all the persons whose signatures appear thereon shall have ceased to be officers. The validity of any bonds shall not be dependent on, or affected by, the validity or regularity of any proceedings relating to the acquisition or improvement of the system or systems for which such bonds are issued. The resolution or resolutions authorizing bonds may provide that the bonds shall contain a recital that they are issued pursuant to this act, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

SECTION 16. In connection with the issuance of bonds and in order to secure the payment of its bonds, the authority shall have power:

- (1) To pledge all or any part of its revenues;
- (2) To vest in a trustee or trustees the right to enforce any covenant made to secure, to pay, or in relation to its bonds, to provide for the powers and duties of such trustee or trustees, to limit the liabilities thereof, and to provide the terms and conditions upon which the trustee or trustees or the holders of bonds or any amount or proportion of them may enforce any such covenant; and
- (3) To make such covenants and to do any and all such acts and things as may be necessary or convenient or desirable in order to secure its bonds or which, in the absolute discretion of the board, tend to make the bonds more marketable notwithstanding that such covenants, acts and things may restrict or interfere with the exercise of the powers herein granted; it being the intention hereof to give the authority power to do all things in the issuance of bonds, and for their security, that a private business corporation can do under the general laws of the state.

SECTION 17. In addition to all other rights and remedies, any holders of bonds of the authority, including a trustee for bondholders, shall have the right:

(1) By mandamus or other suit, action or proceeding at law or in equity, to enforce the bondholder's rights against the authority and the board of the authority, including the right to require the authority and such board to fix and collect rates and charges adequate to carry out any agreement as to, or pledge of, the revenues produced by such rates or charges, and to require the authority and such board to carry out any other covenants and agreements with such bondholders and to perform their duties under this act.

(2) By action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such holder or holders of bonds.

(3) By suit, action or proceeding in the chancery court of Madison County to obtain an appointment of a receiver of any system or systems of the authority or any part or parts thereof. If such receiver be appointed, such receiver may enter and take possession of such system or systems or part or parts thereof and operate and maintain same, and collect and receive all fees, rents, tolls or other charges thereafter arising therefrom in the same manner as the authority itself might do and shall dispose of such money in a separate account or accounts and apply the same in accordance with the obligations of the authority as the court shall direct.

(4) By suit, action or proceeding in the chancery court of Madison County to require the board of the authority to account as if it were the trustee of an express trust.

SECTION 18.

(a) The authority shall not be operated for gain or profit or primarily as a source of revenue to the city of Jackson or any other person or entity. The authority shall, however, prescribe and collect reasonable rates, fees or charges for the services, facilities and commodities made available by it, and shall revise such rates, fees or charges from time-to-time whenever necessary so that each system, or any combined systems as authorized herein, shall be and always remain self-supporting, and shall not require appropriations by the city of Jackson or any other municipality, the state or any political subdivision to carry out its purpose. Any one system of the authority shall not subsidize any other system, unless the systems are operated as a combined system in accordance with the terms hereof, in which case the combined system shall be self-supporting.

(b) The rates, fees, or charges prescribed for each system shall be such as will produce revenue at least sufficient:

(1) To provide for the payment of all expenses of operation and maintenance of such system;

(2) To pay when due principal of, and interest on, all bonds of the authority payable from the revenues of such system;

(3) To pay any payments in lieu of taxes authorized to be paid pursuant to the terms hereof; and

(4) To establish proper reserves for the system.

SECTION 19. Any pledge of, or lien on, revenues, fees, rents, tolls or other charges received or receivable by the authority to secure the payment of any bonds of the authority, and the interest thereon, shall be valid and binding from the time that the pledge or lien is created or granted and shall inure to the benefit of the owner or owners of any such bonds until the payment in full of the principal thereof and premium and interest thereon. The priority of any pledge or lien with respect to competing pledges or liens shall be determined by the date such pledge or lien is created or granted. Neither the resolution nor any other instrument granting, creating, or giving notice of the pledge or lien need be filed or recorded to preserve or protect the validity or priority of such pledge or lien.

SECTION 20. So long as the authority owns any of the systems, the property and revenue of such system shall be exempt from all state, county and municipal taxation. Any Bonds issued by the authority pursuant to the provisions hereof, and the income therefrom, shall be exempt from all state, county and municipal taxation except inheritance, transfer and estate taxes, and except as otherwise provided by the general laws of the state.

SECTION 21. The authority is authorized to pay or cause to be paid from the revenues of each of the systems for each fiscal year payments in lieu of taxes to the city of Jackson or such other municipality as shall properly receive said payments; provided, that payments from the electric system revenues shall be made and computed in accordance with the provisions of the municipal electric plant, Law of 1935, codified at Title 7, Chapter 52, payments from the gas system revenues shall be made and computed in accordance with the provisions of the Municipal Gas System Tax Equivalent Law of 1987, codified at Title 7, Chapter 39, Part 4 and payments made from revenues of the telecommunication system shall be made in accordance with Section 7-52-404 and Section 7-52-606. Payments made from revenues of the water and wastewater systems shall be made by agreement with the affected municipality. The authority shall make payments in lieu of taxes to the city of Jackson, accruing from and after the effective date hereof, from the gas system revenues and the electric system revenues on the same basis as payments are currently being made by the Jackson utility division.

SECTION 22. The authority shall provide water service, wastewater service, gas service, and electric service to all areas that are hereafter lawfully and properly annexed within the corporate limits of the city of Jackson. Such services shall be provided as soon as practical after the annexation becomes effective.

SECTION 23. All moneys of the authority, from whatever source derived, shall be deposited in one (1) or more banks or trust companies and, if the authority shall so require, such



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accounts shall be continuously insured by an agency of the federal government or secured by a pledge of direct obligations of the United States of America or of the state of Tennessee having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance on deposit in such account or accounts. Such securities shall either be deposited with the authority or held by a trustee or agent satisfactory to the authority. In lieu of any pledge of such securities, said deposits may be secured by a surety bond or bonds which shall be in form, sufficiency and substance satisfactory to the Authority.

SECTION 24. All funds of the authority are authorized to be invested as follows:

- (1) Direct obligations of the United States government or any of its agencies;
- (2) Obligations guaranteed as to principal and interest by the United States government or any of its agencies;
- (3) Certificates of deposit and other evidences of deposit at state- and federally-chartered banks, savings and loan institutions or savings banks deposited and collateralized as described in subsection (a);
- (4) Repurchase agreements entered into with the United States or its agencies or with any bank, broker-dealer or other such entity so long as the obligation of the obligated party is secured by a perfected pledge of full faith and credit obligations of the United States or its agencies;
- (5) Guaranteed investment contracts or similar agreements providing for a specified rate of return over a specified time period with entities rated in one (1) of the two (2) highest rating categories of a nationally recognized rating agency;
- (6) The local government investment pool created by Title 9, Chapter 4, Part 7;
- (7) Direct general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers and rated in either of the two (2) highest rating categories by a nationally recognized rating agency of such obligations; or
- (8) Obligations of any state of the United States or a political subdivision or instrumentality thereof, secured solely by revenues received by, or on behalf of, the state or political subdivision or instrumentality thereof irrevocably pledged to the payment of the principal and interest on such obligations, rated in the two (2) highest rating categories by a nationally recognized rating agency of such obligations.

SECTION 25. In the event that the authority shall cease to exist, all of its assets remaining after all of its obligations and liabilities have been satisfied or discharged shall pass to, and become the property of, the city of Jackson.

SECTION 26. The authority is and shall be considered a political subdivision for purposes of Title 65, Chapter 4.

SECTION 27. The board shall be considered a governing body for purposes of the Open Meetings Act, codified at Title 8, Chapter 44.

SECTION 28. The authority shall be considered a governmental entity for purposes of the Tennessee Governmental Tort Liability Act, codified at Title 29, Chapter 20.

SECTION 29. The authority shall be considered a public agency for purposes of the Interlocal Cooperation Act, codified at Title 12, Chapter 9.

SECTION 30. The authority shall be considered a municipality for the purposes of the Energy Acquisition Corporation Act, codified at Title 7, Chapter 39, and may be an associated municipality of an energy acquisition corporation under Title 7, Chapter 39 and the board shall be a governing body for purposes of Title 7, Chapter 39.

SECTION 31. The powers conferred by this part shall be in addition and supplemental to the powers conferred by any other law.

SECTION 32. This act shall not affect rights and duties that matured, penalties that were incurred or proceedings that were begun before its effective date.

SECTION 33. Chapter 354 of the Private Acts of 1959, and all acts amendatory thereto, is hereby amended to add the following as new sections:

Section 18. The city is authorized to transfer to the Jackson energy authority all its right, title and interest in and to all the assets currently operated for the city by the Jackson utility division, including all real and personal property, tangible or intangible, and any right or interest in any such property, whether or not subject to mortgages, liens, charges or other encumbrances, and all appurtenances, contracts, leases, franchises and other intangibles. The transfer shall be authorized by resolution of the city council of the city adopted on one (1) reading and shall be accomplished through documents and instruments authorized by said resolution and executed by such officers of the city as shall be designated by said resolution. A transfer to the Jackson energy authority in accordance with the terms hereof shall not be deemed a disposition of assets for purposes of Section 7-52-132.

Section 19. The city is hereby authorized, by resolution of the city council to grant a franchise to the Jackson energy authority to provide within the corporate limits of the city of Jackson any and all of the services that it is authorized to provide under applicable law upon such terms and conditions as shall be prescribed by the city council.

Section 20. Upon the Jackson Energy Authority Act, Chapter \_\_\_\_ of the Private Acts of 2001 becoming effective, the jurisdiction and control of the utility systems of the city of Jackson shall be transferred to the Jackson energy authority, and Jackson utility division and the board of utility commissioners shall cease to exist.

SECTION 34. It shall be a condition of the transfer of the systems from the city of Jackson to the authority that upon such transfer the authority shall either retire the city bonds by the payment thereof in full upon transfer, defease the city bonds by depositing funds in irrevocable escrow for the payment of these bonds, or assume and agree to pay in full principal of and interest on the city bonds. Upon the assumption by the authority of the city bonds and its agreement to pay those bonds when due, the authority shall be fully obligated to pay when due, principal, premium and interest with respect to those bonds with the same force and effect as if those bonds were issued by the authority. Bonds issued pursuant to this section shall be secured by, and payable from, the revenues of the respective system in the same way as other bonds of the authority issued pursuant to this act. The transfer of each of the systems shall be accomplished in such a manner as not to impair the obligations of contract with reference to the city bonds and other legal obligations of the city of Jackson and to preserve and protect the contract rights vested in the owners of such bonds and other obligations.

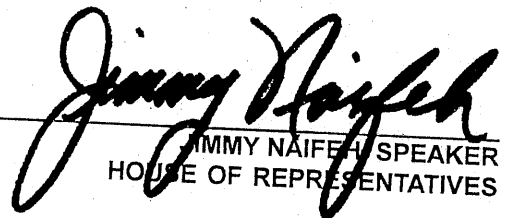
SECTION 35. If any provision of this act or the application thereof to any person or circumstance is held to be invalid, such invalidity shall not affect any other provision or application of the act which can be given effect without the invalid provisions or application, and to that end the provisions of this act are declared to be severable.

SECTION 36. This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the legislative body of the city of Jackson. Its approval or nonapproval shall be proclaimed by the presiding officer of the legislative body and certified by him to the Secretary of State.

SECTION 37. For purposes of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective on July 1, 2001.

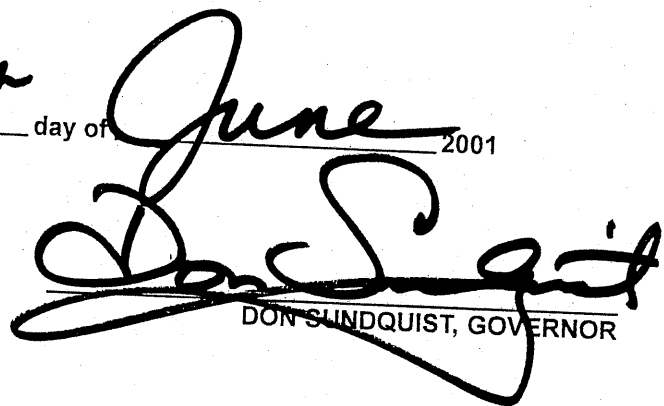
HOUSE BILL NO. 2017

PASSED: MAY 31, 2001

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

APPROVED this 5<sup>th</sup> day of June 2001

  
DON SUNDQUIST, GOVERNOR

# **JACKSON ENERGY AUTHORITY**

## **COST ALLOCATION MANUAL**

**2003**

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## INTRODUCTION

Jackson Energy Authority ("JEA") (previously Jackson Utility Division), a governmental utility authority created by private act of the Tennessee General Assembly, provides utility services to customers located in the City of Jackson, Tennessee and environs. JEA receives its authority to provide these services from Chapter 55 of the Private Acts of 2001. Chapter 55 of the Private Acts of 2001 also authorizes JEA to provide cable television, internet, telecommunications, and other similar services.

Currently, JEA provides electric, natural gas, propane gas, wastewater, and water services to its customers. These services, with the exception of propane gas, are regulated monopoly or non-competitive type services. JEA provides these services through four divisions: Electric, Gas, Wastewater, and Water.

JEA plans to provide cable service directly to customers, internet service to customers, either directly or through a non-affiliate Internet Service Provider ("ISP"), and wholesale transport service to non-affiliate Competitive Local Exchange Carriers ("CLEC's") who, in turn, will provide telephone service to end-use customers. JEA will provide these services through a Telecommunications Division. JEA formed a Telecommunications Division to achieve organizational and accounting separation from its monopoly services. JEA will establish separate operating divisions within the Telecommunications Division for cable television, internet, and telephone related services.

The cable and internet services are competitive services. JEA will provide these services under its private act.

The telephone service is also a competitive service. However, the Tennessee Regulatory Authority ("TRA") regulates this service in the same manner as it regulates the service for other certificated providers of the service. JEA will provide this service under its private act.

## **PURPOSE**

JEA has allocated costs among its divisions since its formation. JEA developed this Cost Allocation Manual ("CAM") due to its expansion into the competitive service market. The CAM describes the cost allocation concepts adopted by JEA as well as the methodology used to allocate costs. The CAM provides JEA management with an equitable process to reduce the potential for cross-subsidization of services and to present a reasonable financial record of each utility service. JEA will review the methodology employed in this manual on at least an annual basis. Changes in this manual must receive prior approval from JEA management through written justification and documentation.

The goals of the allocation methodology included in this manual are to:

1. Ensure just and reasonable rates for the ratepayers of the monopoly services.
2. Prevent or limit, to the extent possible, any cross-subsidization between the monopoly services and the Telecommunications Division.
3. Minimize the time and expense necessary to record and audit the transactions.

JEA maintains a separate system of accounts for each of the services it provides. This allows JEA to identify and record transactions related to each service. Using this information, JEA can prepare financial statements showing the financial position and results of operations for each division.

Costs assigned to and allocated to each division shall be at fully allocated costs. In the case of an annual charge for facilities or assets, the fully allocated costs should include in lieu of taxes, depreciation expense, maintenance expense, insurance expense, and a return on the investment in the asset. In the case of personnel, the fully allocated cost should include salaries/wages, all employee benefits, payroll taxes, insurance, pension, and post-retirement benefits other than pension.

## ALLOCATION OF COSTS

The general concepts followed in this manual are discussed below.

- JEA will directly assign costs to a specific division and/or business unit whenever possible.
- Costs that cannot be directly assigned to a specific division and/or business unit will be described as common costs. JEA will group common costs into cost centers designed to facilitate the proper allocation of costs among divisions and/or business units in accordance with the following hierarchy:
  - JEA will allocate, whenever possible, common cost categories based on direct analysis of the origin of the costs themselves.
  - When direct analysis is not possible, JEA will allocate common cost categories based on an indirect, cost-causative linkage to another category (or group of cost categories) for which a direct assignment or allocation is available.
  - When neither direct nor indirect measures of cost causation can be identified, JEA will allocate the cost category using a general allocator. The numerator of the general allocator is all operation and maintenance expenses directly assigned or attributed to each service, excluding cost of electricity, gas, and programming, and the denominator is the total operation and maintenance expense of JEA, excluding cost of electricity, gas, and programming.
- For loans made by one division and/or business unit to another, JEA will charge the higher of the highest rate of interest earned on invested funds or the highest rate of interest paid on outstanding bonds.
- The Telephone Business Unit of the Telecommunications Division will make in lieu of tax payments and will record state, local, and federal taxes in accordance with TCA section 7-52-404.



- The Cable Business Unit and Internet Business Unit of the Telecommunications Division will make tax payments in accordance with TCA section 7-52-606.

## DEFINITIONS

**Affiliates** – a branch, division, or subsidiary of a company. A company effectively controlled by another company.

**Audit Engagement** – an attestation engagement in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.

**Cost Allocation Manual (“CAM”)** – an indexed compilation and documentation of a company’s cost allocation policies and related procedures.

**Cost Allocations** – the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as General Allocators).

**Common Costs** – costs associated with services or products that are of joint benefit between regulated and non-regulated business units.

**Cost Driver** – a measurable event or quantity that influences the level of costs incurred and that can be directly traced to the origin of the costs themselves.

**Direct Costs** – costs that can be specifically identified with a particular service or product.

**Division** – as used in this manual means the Electric Division, the Natural Gas Division, the Telecommunications Division, the Wastewater Division, or the Water Division.

**Fully Allocated Costs** – the sum of the direct costs plus an appropriate share of indirect costs.

**Indirect Costs** – costs that cannot be identified with a particular service or product. This includes, but is not limited to, overhead costs, administrative and general costs, and taxes.

**Non-Regulated** – that which is not subject to regulation by regulatory authorities. A good or service may be non-regulated because it has never been regulated. Or, a good or service may cease to be regulated for different causes. Examples include the following:

- Deregulation
- A change in the regulator's approach to setting rates from cost-based rate making to another form of regulation.
- Increasing competition that limits the enterprise's ability to sell utility services or products at rates that will recover costs.
- Regulatory actions resulting from resistance to rate increases that limit the enterprise's ability to sell utility services or products at rates that will recover costs if the enterprise is unable to obtain (or chooses not to seek) relief from prior regulatory actions through appeals to the regulator or the courts.

The Telecommunications Division and the business units under it, along with the Propane Business Unit, are considered non-regulated (unregulated) in this manual.

**Prevailing Market Price** – a generally accepted market value that can be substantiated by auction, appraisal, or clearly comparable transactions.

**Regulated** – the operations of an enterprise are regulated if all of the following conditions are met:

- the enterprise's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- the regulated rates are designed to recover the specific enterprise's costs of providing the regulated services or products.

- in view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the enterprise's costs can be charged to and collected from customers.

The Electric Division, the Natural Gas Business Unit, the Wastewater Division, and the Water Division are considered regulated in this manual.

**Subsidization** – the recovery of costs from one class of customers or business unit that are attributable to another class of customers or business unit.

## **TRANSACTIONS WITH AFFILIATES**

JEA will record goods or services provided pursuant to a tariff among affiliates in the appropriate revenue and expenses accounts at the tariffed rate. JEA will record the transfer or sale of non-tariffed goods or services that are provided among affiliates and provided to unaffiliated outside parties, at the market rate. JEA will record the transfer or sale of non-tariffed goods or services that are not provided to unaffiliated outside parties, among affiliates at fully distributed cost.

JEA will record assets sold or transferred pursuant to a tariff among affiliates in the appropriate accounts at the tariffed rate. JEA will record charges for assets purchased or transferred among affiliates in the appropriate accounts at the invoice price if that price is determined by a prevailing price held out to the general public in the normal course of business. If a tariff or a prevailing price is not available, JEA will record assets sold or transferred among regulated divisions at net book cost. If a tariff or prevailing price is not available, JEA will record assets sold or transferred from a nonregulated affiliate to a regulated affiliate, at the lower of net book value or estimated fair market value. If a tariff or prevailing price is not available, JEA will record assets sold or transferred from a regulated affiliate to a nonregulated affiliate at the higher of net book value or estimated fair market value of the asset.

## **BALANCE SHEET ACCOUNTING**

### **Cash**

JEA will maintain a cash account in its general ledger for each division and business unit. JEA will record all monies collected by a division or business unit to the appropriate general ledger account. JEA will record all payments applicable to a division or business unit in the appropriate general ledger account.

### **Accounts Receivable**

Each division and business unit will maintain its own accounts receivable. JEA will record both billings and payments in the appropriate receivable account.

### **Payables**

Each division and business unit will maintain its own accounts payable. JEA will record both invoices received and payments made in the appropriate payable account.

### **Materials**

Each division and business unit will maintain its own inventory accounts. JEA will record assets subject to inventory in the appropriate accounts as received.

### **Plant Assets**

Each division and business unit will maintain its own plant accounting system. JEA will record utility plant in the appropriate plant account when it places plant in service.

### **Plant Leased to Telecommunications Division**

JEA will lease poles for pole attachments to the Telecommunications Division at the highest rate paid by an outside party for comparable pole attachments. JEA will lease any other items currently leased to other entities to the Telecommunications Division at the highest rate paid by an outside party for the comparable leased item. JEA will develop a rate for other leased plant that fully recovers the depreciation, maintenance, and other loaded costs of the asset used. For example, JEA will lease floor space in the general office building on a per-square-foot basis.

#### **Construction Work in Progress**

JEA uses a comprehensive work order system that captures the cost of materials, labor, vehicles, heavy equipment, benefits, and other items related to construction activities. JEA will identify construction activity by division and business unit and will record the activity to the appropriate account.

#### **Depreciation**

JEA will record depreciation by division and business unit. Depreciation rates will reflect industry normal life spans.

#### **Amortization**

JEA will amortize non-tangible assets and assets such as capitalized software over industry normal life spans.

# **Accounting for Revenues and Expenses**

## **Revenues**

JEA will record revenues for each division and business unit to the appropriate revenue accounts using the accrual basis of accounting.

## **Cost Centers**

JEA utilizes cost centers to assign their employees work activities and other costs. The cost centers are:

- Administration
- Human Resources
- Engineering
- Distribution
- Information Systems
- Finance and Accounting
- Operations
- Business Development
- Customer Service

JEA employs approximately 375 people. Of this amount, approximately 230 employees directly assign their time as worked to a division and/or business unit using daily time sheets. Of the remaining 125 employees, approximately 20 are assigned directly to a division or business unit. The remaining number work with more than one division and/or business on a daily basis. Using time sheets for these employees is impracticable. JEA will develop percentages to use to allocate the time of these employees. It will develop these percentages by time studies or other appropriate indicators. JEA will update the percentages no less frequently than annually. It will revise the labor allocations whenever work assignments or other pertinent circumstances change.



JEA will allocate training hours and time spent away from work due to sick leave, holidays, vacations, weather related unassigned time, etc. to the divisions and/or business units using the same percentages as the labor dollars of each cost center.

JEA will directly assign other expenses to the appropriate division or business unit wherever possible. When this is not possible, JEA will allocate other expenses to each division or business unit using the same percentages as the labor dollars for that department.

JEA will allocate payroll tax expense using the same percentages as the total labor dollars. JEA will allocate employee insurance expense based on straight-time payroll hours for eligible employees.

JEA will allocate property and liability insurance expense on the same basis as the insured item. As examples, JEA will allocate property insurance based on the assets insured. JEA will allocate insurance on vehicles based on vehicle ownership. Some insurance premiums will have no directly assignable basis. JEA will use the General Allocator for these items.

#### Administration Cost Center

JEA will allocate the common costs in Department 10, Department 20, and Department 30 using the General Allocator.

#### Human Resources Cost Center

JEA will allocate the common costs in Department 100 using an allocation factor based on straight-time payroll hours charged to each division or business unit.

#### Engineering Cost Center

JEA will allocate the common costs in Department 200 using an allocation factor based on the prior year assignment of the engineers' time.

JEA will allocate the common costs in Department 250 based on a composite of the straight-time payroll hours of the department.

Distribution Cost Center

JEA will allocate the common costs in Department 300 based on a composite of the straight-time payroll hours of the department.

JEA will allocate the common costs in Department 310 using a composite of the straight-time payroll hours of departments 310 through 317.

JEA will allocate the common costs in Department 320 using a composite of the straight-time payroll hours in Department 321.

JEA will allocate the common costs in Department 350 using a composite of the straight-time payroll hours in departments 351 through 359.

JEA will allocate the common costs in Department 380 using a composite of the straight-time payroll hours in Department 380.

JEA will allocate the common costs in Department 390, 391, and 392 using materials and supplies transactions, excluding office supplies.

Information Systems Cost Center

JEA will allocate the common costs in Department 500 using a composite of Department 510, Department 520, Department 530, Department 540, and Department 550.

JEA will allocate the common costs in Department 510 using a composite of Department 511 and Department 512.

JEA will allocate the common costs in Department 511 based on the telephone and cell phone use by division and business unit.

JEA will allocate the common costs in Department 512, Department 530, Department 540, and Department 550 based on personal computer use by division and business unit.

JEA will allocate the common costs in Department 520 based on GIS computer use by division and business unit.

#### Finance and Accounting Cost Center

JEA will allocate the common costs in Department 600, Department 610, and Department 620 using a composite of Department 611, Department 612, and Department 613.

JEA will allocate the common costs in Department 611 based on the number of general ledger entries associated with each division and business unit.

JEA will allocate the common costs in Department 612 based on the number of accounts payable transactions associated with each division and business unit.

JEA will allocate the common costs in Department 613 using payroll hours by division and business unit.

#### Operations Cost Center

JEA will allocate the common costs in Department 700 based on a composite of all of the Engineering Cost Center, Department 710, Department 720, Department 730, Department 740, and Department 790.

JEA will allocate the common costs in Department 712 using utility services.

JEA will allocate the common costs in Department 720 using a composite of the straight-time payroll hours of Department 725.

JEA will allocate the common costs in Department 730 using a composite of the straight-time payroll hours of departments 732 through 734.

JEA will allocate the common costs in Department 740 using a composite of the straight-time payroll hours of departments 741 through 743.

JEA will allocate the common costs in Department 790 using a composite of the straight-time payroll hours of Department 791 and Department 795.

#### Business Development Cost Center

JEA will allocate the common costs in Department 800 based on the composite of all employees in the Business Development Cost Center.

JEA will allocate the common costs in Department 810 using a weighting of the number of customers and the marketing allocator.

#### Customer Service Cost Center

JEA will allocate the common costs in Department 900 based on the composite of Department 910, Department 940, Department 970, and Department 990.

JEA will allocate the common costs in Department 917, Department 920, Department 921, and Department 922 using utility services.

JEA will allocate the common costs in Department 930 using revenue.

JEA will allocate the common costs in Department 910 based on a composite of Department 915, Department 920, and Department 930.

JEA will allocate the common costs in Department 950 based on a composite of Department 945.

JEA will allocate the common costs in Department 915 based on a composite of Department 916 and Department 917.

JEA will allocate the common costs in Department 916 using normal hours service order ratio.

JEA will allocate the common costs in Department 960 using a composite of the time charged by meter readers.

JEA will allocate the common costs in Department 970 using a composite of Department 970.

JEA will allocate the common costs in Department 971 based on new customers added.

JEA will allocate the common costs in Department 940 using a composite of Department 942, Department 960, and Department 990.

# **CODE OF CONDUCT**

## **Regulatory Compliance**

The telephone business unit of the Telecommunications Division of JEA will be subject to all rules and regulations of the TRA in the same manner and to the same extent as other similar telecommunications providers, including without limitation, rules and orders governing anti-competitive practices.

## **Treatment of Similarly Situated Parties**

JEA will process all similar requests for the services of its divisions and business units in the same manner and within the same time-period whether requested on behalf of an affiliate of JEA or a third party.

## **Billing and Collection for Telecommunication Services**

JEA will offer billing, payment, and collection services to all CLEC's using its system to provide telephone and/or Internet service. JEA will also offer credit and collection services to all CLEC's using its system to provide telephone and/or Internet service. JEA will charge the same unit fee to each CLEC that uses these services.

## **Promotional Inserts in Bills**

JEA may allow promotional materials or advertising by CLEC's as inserts in the envelope of the monthly bills mailed to its customers. JEA will charge the same unit fee to each CLEC that uses this service.

## **Anti-Competitive Inducements**

JEA shall not state in any advertising, promotional materials, or sales efforts, that consumers who purchase products or services from its non-regulated division will receive preferential treatment in

the provision of services from any of its regulated divisions or that any benefits will inure to customers receiving services from regulated divisions resulting from their dealings with any of its non-regulated divisions.

#### **Loans and Credit Guarantees**

The telephone business unit may not obtain credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of JEA's regulated divisions.

#### **General Code of Conduct Provisions**

JEA may not discriminate between the telephone business unit and any other entity in the provision or procurement of goods, services, and information from its regulated divisions, or in the establishment of standards.

JEA shall account for all transactions with the telephone business unit in accordance with generally accepted accounting principles or accounting principles established by the Federal Communications Commission or the TRA.

## REPORTING REQUIREMENTS

The telephone business unit of JEA shall report to the TRA on an annual basis:

1. the name and address of all affiliated entities;
2. all contracts entered into with affiliated entities, and all transactions undertaken with any affiliates without a written contract, excluding allocation of costs;
3. the amount of affiliate transactions by affiliate by account charged;
4. the basis used to record affiliate transactions (i.e. book value, fair market value, tariff, fully distributed cost);
5. total costs allocated or charged back to each division;
6. updates of the allocation factors used to allocate costs among the divisions and business units;
7. the financial statement data, as recorded for each JEA division and business unit, in whatever format the TRA requires, including a copy of JEA's audited financial statements;
8. a computation of all tax allocations for regulatory purposes as follows:
  - a. Property Taxes. Computation will be in accordance with TCA section 7-52-404.
  - b. Sales Taxes. Computation will be the purchase of taxable goods and services during the reporting period multiplied by the applicable sales tax rate.
  - c. Other State and Local Taxes. Computation will be based on applicable tax code.
  - d. Federal Income Tax. Calculations will involve using the current federal corporate income tax rate multiplied by the net taxable income of the telephone business unit. JEA will make adjustments and deferments to taxes as appropriate and as used by other entities. For example, taxes will be calculated using allowable tax depreciation rather than book depreciation.



JEA shall maintain books of account and supporting documentation in sufficient detail to permit verification of compliance with the cost assignment and allocation principles and the Code of Conduct approved by the TRA.

The TRA may order an audit performed no more frequently than on an annual basis of all matters deemed relevant by the selected auditor. JEA and its affiliated divisions will cooperate fully with all requests necessary to perform the audit. The selected auditor will provide the audit report to the TRA on or before six (6) months after the onset of the audit. The selected auditor will provide the audit report to JEA on or before sixty-days (60 days) thereafter.

JEA maintains an internal audit staff. The internal audit staff will test, no less often than quarterly, the compliance of the telephone business unit with the conditions set forth herein or supplemental conditions or provisions ordered by the TRA. JEA will make any written findings or work papers associated with such compliance tests available to the TRA.

The internal auditors of JEA will issue a statement detailing JEA's compliance with the Code of Conduct on an annual basis.

The TRA shall have access to personnel of the telephone business unit who will be capable of responding to TRA inquiries with respect to, but not limited to, affiliate transactions and the nature of direct and indirect charges and billings between affiliates.

# Appendix A

## JACKSON ENERGY AUTHORITY

### Definition of Allocators

**General Allocator** – percentage derived from a fraction the numerator of which is all operation and maintenance expense directly assigned, indirectly assigned, or attributed to each division and/or business unit, excluding the cost of electricity, gas, and programming, and the denominator of which is the total operation and maintenance expense of JEA, excluding the cost of electricity, gas, and programming.

**Straight-Time Payroll Hours by Division** – percentage derived from a fraction the numerator of which is the straight-time payroll hours directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of JEA.

**Materials and Supplies Inventory Transactions** – percentage derived from a fraction the numerator of which is the number of materials and supplies inventory transactions, excluding office supplies, recorded for each division and/or business unit and the denominator of which is the total number of materials and supplies inventory transactions, excluding office supplies, of JEA.

**PC Computer Use by Division** – percentage derived from a fraction the numerator of which is the straight-time payroll hours, of employees assigned personal computers, directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of employees who are assigned personal computers.

**Telephone Use by Division** – percentage derived from a fraction the numerator of which is the straight-time payroll hours, of employees assigned telephones and/or cellular telephones, directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of employees assigned telephones and/or cellular telephones.

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**GIS Use by Division** – percentage derived from a fraction the numerator of which is the straight-time payroll hours, of employees assigned GIS computers, directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of employees assigned GIS computers.

**Number of General Ledger Entries** – percentage derived from a fraction the numerator of which is the number of general ledger entries for each division and/or business unit and the denominator of which is the total general ledger entries of JEA.

**Accounts Payable Transactions** – percentage derived from a fraction the numerator of which is the number of accounts payable transactions for each division and/or business unit and the denominator of which is the total accounts payable transactions of JEA.

**Payroll Hours** – percentage derived from a fraction the numerator of which is the number of payroll hours for each division and/or business unit and the denominator of which is the total payroll hours of JEA.

**Utility Services** – percentage derived from a fraction the numerator of which is the number of services billed by each division and/or business unit and the denominator of which is the total services billed by JEA. This allocator approximates lines of billing.

**Customers** – percentage derived from a fraction the numerator of which is the number of customers of each division and or business unit and the denominator of which is the total customers of JEA.

**Marketing** – percentages directly assigned of 25 percent for the Electric, Gas, and Telecommunications divisions and 12.5 percent for the Wastewater and Water divisions. The percentages directly assigned to each division prior to the start-up of the Telecommunications Division are 33 percent to the Electric and Gas divisions and 17 percent to the Wastewater and Water divisions.

## Appendix A

**Revenue** – percentage derived from a fraction the numerator of which is the revenue of each division and/or business unit and the denominator of which is the total revenue of JEA.

**Normal Hours Service Order Ratio** – percentage derived from a fraction the numerator of which is the number of service orders for each division and/or business unit and the denominator of which is the total number of service orders taken during normal business hours for JEA.

**New Customers Added** – percentage derived from a fraction the numerator of which is the new customers added for each regulated division and/or business unit, including the propane business unit, and the denominator of which is the total new customers added for the four regulated division, including the propane business unit, as recorded by the New Accounts Department.

**Prior Year Engineering Allocation** – percentage derived from a fraction the numerator of which is the prior year Engineering Cost Center costs directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total prior year Engineering Cost Center costs.

**Composite of Straight-Time Payroll Hours in Department 250** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 250 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 250. Department 250 is the drafting department, the employees of which charge their time as worked.

**Composite of Straight-Time Payroll Hours in Department 300** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 300 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 300.

**Composite of Straight-Time Payroll Hours in Departments 310 through 317** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 310 through 317 directly assigned, indirectly assigned, or attributed to each

## Appendix A

division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 310 through 317.

**Composite of Straight-Time Payroll Hours in Department 321** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 321 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 321.

**Composite of Straight-Time Payroll Hours in Departments 351 through 359** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 351 through 359 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 351 through 359.

**Composite of Straight-Time Payroll Hours in Department 380** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 380 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 380.

**Composite of Straight-Time Payroll Hours in Departments 510, 520, 530, 540, and 550** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 510, 520, 530, 540, and 550 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 510, 520, 530, 540, and 550.

**Composite of Straight-Time Payroll Hours in Departments 511 and 512** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 511 and 512 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 511 and 512.

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**Composite of Straight-Time Payroll Hours in Departments 611, 612, and 613** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 611, 612, and 613 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 611, 612, and 613.

**Composite of Straight-Time Payroll Hours in the Operations Cost Center and Departments 710, 720, 730, 740, and 790** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in the Operations Cost Center and in departments 710, 720, 730, 740, and 790 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of the Operations Cost Center and departments 710, 720, 730, 740, and 790.

**Business Development** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in the Business Development Cost Center directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of the Business Development Cost Center.

**Composite of Customers and Marketing** – percentage derived from the sum of a 40 percent weighting of the customer allocator and a 60 percent weighting of the marketing allocator for each division and/or business unit.

**Composite of Straight-Time Payroll Hours in Departments 910, 940, 970, and 990** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 910, 940, 970, and 990 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 910, 940, 970, and 990.

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**Composite of Straight-Time Payroll Hours in Departments 915, 920, and 930** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 915, 920, and 930 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 915, 920, and 930.

**Composite of Straight-Time Payroll Hours for all Customer Service Representatives and in Department 917** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each customer service representative and each employee in Department 917 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of customer service representatives and each employee in Department 917.

**Composite of Straight-Time Payroll Hours in Departments 945, 950, and 960** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 945, 950, and 960 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 945, 950, and 960.

**Composite of Straight-Time Payroll Hours in Department 945** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Departments 945 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Departments 945.

**Composite of Meter Readers** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 960 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of each employee in Department 960.

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**Composite of Straight-Time Payroll Hours in Departments 971 and 972** – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 971 and 972 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 971 and 972.



# Cost Allocation Factors Summary

Fiscal Year 2004

Pre-Startup  
July 2003 - February 2004

After Startup  
Mar 2004 - June 2004

Dept # Job Title		Allocation Method				Waste					
		Electric	Gas	Water	Waste	Telecom	Electric	Gas	Water	Waste	Telecom
Administration:											
10	President & CEO	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Corporate Secretary	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Sr. VP-Administration	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Administrative Clerk	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Sr. VP & CFO	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
10	General Counsel	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
20	Board of Directors	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
30	Security Director	General Allocator	27.2%	22.4%	21.2%	23.2%	27.2%	22.4%	21.2%	23.2%	6.0%
Human Resources:											
100	VP-Human Resources	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Benefits & Empl Relations Coord	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Safety Coordinator	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Secretary	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Adm & Emp Coordinator	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Administrative Clerk-PT	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Training & Dev Coordinator	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	28.2%	25.8%	22.2%	18.8%	5.0%
Engineering											
200	Secretary	Prior Year Engineering Allocation	25.9%	31.1%	24.8%	18.3%	25.9%	31.1%	24.8%	18.3%	0.0%
250	Supervisor, Maps & Records	Composite of straight time PR hrs in Depart 250	24.8%	25.3%	26.7%	23.1%	24.9%	25.3%	26.7%	23.1%	0.0%
Distribution:											
300	VP-Distribution	Composite weighted avg ST PR hrs in Dept 300	31.3%	25.6%	28.5%	14.6%	28.5%	24.9%	27.7%	14.4%	4.5%
300	Secretary	Composite weighted avg ST PR hrs in Dept 300	31.3%	25.6%	28.5%	14.6%	28.5%	24.9%	27.7%	14.4%	4.5%
300	Administrative Clerk	Composite weighted avg ST PR hrs in Dept 300	31.3%	25.6%	28.5%	14.6%	28.5%	24.9%	27.7%	14.4%	4.5%
310	Electric Distribution Supt	Composite of ST PR hrs in Depts 310-317	100.0%	0.0%	0.0%	0.0%	95.3%	0.0%	0.0%	0.0%	4.7%
320	Project Coordinator Supt	Composite of ST PR hrs in Dept 321	16.6%	28.1%	34.7%	20.6%	16.6%	28.1%	34.7%	20.6%	0.0%
350	Water Distribution Supt	Composite of ST PR hrs in Dept 351-359	0.0%	0.0%	65.8%	34.2%	0.0%	0.0%	65.8%	34.1%	0.0%
380	Fleet Maintenance Supt	Composite of ST PR hrs in Dept 380	33.3%	30.5%	19.0%	17.2%	33.3%	30.5%	19.0%	17.2%	0.0%
390	Manager-Purchasing & Store	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
390	Storeroom Helper-PT	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
390	Senior Buyer	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
390	Buyer	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
391	Warehouse Supervisor	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
391	Storekeeper Distribution	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
391	Stores Helper-PT	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
392	Storekeeper Supply Room	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	47.3%	22.3%	22.6%	5.7%	2.2%
Information Systems:											
500	VP-Information Systems	Comp Weighted Avg. (510,520,530,540,550)	29.3%	26.9%	21.2%	20.4%	25.0%	23.0%	18.2%	17.4%	16.4%
510	Manager of Operations	Comp Weighted Avg. (511, 512)	29.4%	27.6%	21.4%	19.8%	27.3%	25.7%	20.0%	18.4%	8.5%

# Cost Allocation Factors Summary

Fiscal Year 2004

Dept #	Job Title	Allocation Method	Pre-Startup July 2003 - February 2004				After Startup Mar 2004 - June 2004					
			Electric	Gas	Water	Waste	Telecom	Electric	Gas	Water	Waste	
511	Tele Administrator/Comp Oper	Telephone & Cell phone use by Division	29.6%	28.7%	22.2%	18.0%	1.5%	26.7%	26.3%	20.3%	16.2%	10.5%
512	AS/400 Analyst	PC Computer use by Division	29.3%	26.2%	20.8%	21.8%	1.9%	27.9%	25.1%	19.8%	20.7%	6.5%
520	Supervisor-GIS/SCADA	GIS Computer Use by Division	29.3%	27.9%	23.3%	15.9%	3.7%	28.3%	26.9%	22.9%	16.0%	6.1%
530	Supervisor-Networks	PC Computer use by Division	29.3%	26.2%	20.8%	21.8%	1.9%	27.9%	25.1%	19.8%	20.7%	6.5%
530	Technician	PC Computer use by Division	29.3%	26.2%	20.8%	21.8%	1.9%	27.9%	25.1%	19.8%	20.7%	6.5%
540	Supervisor-Application Develop	PC Computer use by Division	29.3%	26.2%	20.8%	21.8%	1.9%	27.9%	25.1%	19.8%	20.7%	6.5%
550	Manager-System Integration	PC Computer use by Division	29.3%	26.2%	20.8%	21.8%	1.9%	27.9%	25.1%	19.8%	20.7%	6.5%

## Finance & Accounting:

600 VP-Internal Control	Comp Weighted Avg. (611, 612, 613)	29.1%	26.6%	23.1%	20.7%	0.5%	28.3%	25.9%	22.4%	20.1%	3.3%	
610 Manager-Accounting	Comp Weighted Avg. (611, 612, 613)	29.1%	26.6%	23.1%	20.7%	0.5%	28.3%	25.9%	22.4%	20.1%	3.3%	
611 Accounting System Analyst	No. of Gen Ledger Entries	28.9%	26.4%	23.4%	21.0%	0.3%	28.1%	25.7%	22.8%	20.5%	2.9%	
611 Acct. Assoc I-PT	No. of Gen Ledger Entries	28.9%	26.4%	23.4%	21.0%	0.3%	28.1%	25.7%	22.8%	20.5%	2.9%	
611 Acct. Assoc II	No. of Gen Ledger Entries	28.9%	26.4%	23.4%	21.0%	0.3%	28.1%	25.7%	22.8%	20.5%	2.9%	
611 Acct. Assoc III	No. of Gen Ledger Entries	28.9%	26.4%	23.4%	21.0%	0.3%	28.1%	25.7%	22.8%	20.5%	2.9%	
611 Staff Accountant-Plant	No. of Gen Ledger Entries	28.9%	26.4%	23.4%	21.0%	0.3%	28.1%	25.7%	22.8%	20.5%	2.9%	
612 Staff Accountant-Accts Payable	A/P transactions/per Division	29.3%	27.0%	22.6%	20.9%	0.3%	28.5%	26.3%	22.0%	20.3%	2.9%	
612 Acct. Assoc I-Accts Payable	A/P transactions/per Division	29.3%	27.0%	22.6%	20.9%	0.3%	28.5%	26.3%	22.0%	20.3%	2.9%	
613 Staff Accountant-Payroll	Payroll hours by Division	29.4%	26.6%	23.0%	20.0%	1.1%	28.3%	25.8%	22.1%	19.2%	4.6%	
613 Accounting Assoc II-Payroll	Payroll hours by Division	29.4%	26.6%	23.0%	20.0%	1.1%	28.3%	25.8%	22.1%	19.2%	4.6%	
613 Acct. Assoc I-PT-Payroll	Payroll hours by Division	29.4%	26.6%	23.0%	20.0%	1.1%	28.3%	25.8%	22.1%	19.2%	4.6%	
620 Manager-Finance	Comp Weighted Avg. (611, 612, 613)	29.1%	26.6%	23.1%	20.7%	0.5%	28.3%	25.9%	22.4%	20.1%	3.3%	
620 Financial Analyst	Comp Weighted Avg. (611, 612, 613)	29.1%	26.6%	23.1%	20.7%	0.5%	28.3%	25.9%	22.4%	20.1%	3.3%	
620 Administrative Clerk-PT	Comp Weighted Avg. (611, 612, 613)	29.1%	26.6%	23.1%	20.7%	0.5%	28.3%	25.9%	22.4%	20.1%	3.3%	

## Operations:

700 VP-Engineering & Operations	Comp Weighted Avg. (200, 710, 720, 730, 740, 790)	25.9%	16.8%	25.5%	31.8%	0.0%	25.6%	16.5%	25.0%	31.2%	1.7%	
712 System Dispatcher	Utility Services	30.7%	24.2%	25.2%	19.9%	0.0%	30.2%	23.7%	24.7%	19.6%	1.8%	
720 Plant Maintenance Supt	Average Plant Maintenance (725)	0.0%	0.0%	40.2%	59.8%	0.0%	0.0%	0.0%	40.2%	59.8%	0.0%	
730 Treatment Operations Supt	Comp Weighted Avg. 732-734	0.0%	0.0%	21.0%	79.0%	0.0%	0.0%	0.0%	21.0%	79.0%	0.0%	
730 Secretary	Comp Weighted Avg. 732-734	0.0%	0.0%	21.0%	79.0%	0.0%	0.0%	0.0%	21.0%	79.0%	0.0%	
740 Instrument & Regulation Supt	Comp Weighted Avg. 741-743	36.8%	32.3%	24.0%	6.9%	0.0%	36.8%	32.3%	24.0%	6.9%	0.0%	
790 Building & Grounds Supt	Comp Weighted Avg. 791, 795	46.2%	12.0%	31.3%	10.5%	0.0%	46.2%	12.0%	31.3%	10.5%	0.0%	

## Business Development:

800 VP-Business Development	Average Business Develop (800)	28.0%	27.4%	19.2%	17.0%	8.3%	12.7%	12.5%	9.0%	7.9%	57.9%	
800 Secretary	Average Business Develop (800)	28.0%	27.4%	19.2%	17.0%	8.3%	12.7%	12.5%	9.0%	7.9%	57.9%	
810 Communications Coordinator	Number of Customers/Marketing Split	30.6%	29.9%	20.9%	18.6%	0.0%	25.5%	24.9%	18.0%	15.7%	15.9%	
810 Commercial Relations Coordin	Number of Customers/Marketing Split	30.6%	29.9%	20.9%	18.6%	0.0%	25.5%	24.9%	18.0%	15.7%	15.9%	
810 Industrial Relations Manager	Number of Customers/Marketing Split	30.6%	29.9%	20.9%	18.6%	0.0%	25.5%	24.9%	18.0%	15.7%	15.9%	
810 Technical Services Coordin	Number of Customers/Marketing Split	30.6%	29.9%	20.9%	18.6%	0.0%	25.5%	24.9%	18.0%	15.7%	15.9%	
810 Environmental Coordin	Number of Customers/Marketing Split	30.6%	29.9%	20.9%	18.6%	0.0%	25.5%	24.9%	18.0%	15.7%	15.9%	
810 Mktg Coordinator	No of Customers/Mktg Split--100% TC after start-up	30.6%	29.9%	20.9%	18.6%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

Appendix B

## Cost Allocation Factors Summary

Fiscal Year 2004

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# Appendix C

## Jackson Energy Authority

### Fiscal Year 2004 Allocators

#### All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
General Allocator (O&M)	27.2%	22.4%	21.2%	23.2%	6.0%	100.0%
Revenue	63.7%	23.3%	6.4%	6.6%	0.0%	100.0%
ST PR Hrs by Div	29.3%	26.9%	23.1%	19.6%	1.1%	100.0%
M&S Transactions	48.4%	22.8%	23.1%	5.8%	0.0%	100.0%
PC Use by Division	29.3%	26.3%	20.6%	21.8%	2.0%	100.0%
Telephone Use by Division	29.6%	28.9%	22.2%	17.8%	1.6%	100.0%
GIS Use by Division	29.3%	28.1%	23.3%	15.4%	3.9%	100.0%
A/P Transactions by Div	29.3%	27.0%	22.6%	20.9%	0.3%	100.0%
GL Transactions by Div	28.9%	26.4%	23.4%	21.0%	0.3%	100.0%
PR Hours by Division	29.4%	26.6%	23.0%	20.0%	1.1%	100.0%
Utility Services	30.7%	24.2%	25.2%	19.9%	0.0%	100.0%
Marketing	33.0%	33.0%	17.0%	17.0%	0.0%	100.0%
% Ownership of Building	33.0%	29.0%	22.0%	16.0%	0.0%	100.0%
Number of Customers	26.9%	25.4%	26.8%	21.0%	0.0%	100.0%
Normal Hrs Srv Order Ratio	29.6%	30.9%	23.8%	15.7%	0.0%	100.0%
New Customers Added	27.0%	22.8%	23.8%	26.4%	0.0%	100.0%

## Appendix C

### General Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

		Electric	Gas	Water	Wastewater	Telecom	Total
Oper. & Maint. Expense	\$	7,311,821	\$ 6,015,601	\$ 5,707,814	\$ 6,239,861	\$ 1,621,853	\$ 26,896,949
Allocation per Division		27.2%	22.4%	21.2%	23.2%	6.0%	100.0%

**Revenue Allocator**

**Fiscal Year 2004**

**All Divisions**

**Accounting Periods July, 2003 through February, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
Revenue (2002)	94,336,915	34,482,834	9,436,898	9,740,135	-	\$ 147,996,782
Allocation per Division	63.7%	23.3%	6.4%	6.6%	0.0%	100.0%

# Appendix C

## Straight Time Payroll Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
12 months - 2002	207,266.94	190,115.96	163,720.03	138,895.18	-	699,998.11
8 months prorated	138,039.78	126,617.23	109,037.54	92,504.19	-	466,198.74
Telecom 8 months						
Admin Hours					487.44	487.44
HR Hours					119.15	119.15
K Kersey					1,354.00	1,354.00
Headend Tech					1,354.00	1,354.00
Project Manager					1,354.00	1,354.00
Mkt. Coord	223.41	223.41	115.09	115.09	677.00	1,354.00
Video Prod	446.82	446.82	230.18	230.18	-	1,354.00
Video Prod	446.82	446.82	230.18	230.18	-	1,354.00
	<u>139,156.83</u>	<u>127,734.28</u>	<u>109,612.99</u>	<u>93,079.64</u>	<u>5,345.59</u>	<u>474,929.33</u>
Allocation per Division	29.3%	26.9%	23.1%	19.6%	1.1%	100.0%

**Materials & Stores Allocator****Fiscal Year 2004****All Divisions****Accounting Period March - June, 2004**

Inventory Transactions 1/1/02 thru 12/31/02 (no office supplies)

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Totals</b>
Receipts	928	559	868	179	0	2,534
Invoices	922	567	861	157	0	2,507
Issues:					0	
Electric issues	11,074					11,074
Gas issues		6,579				6,579
Water issues			6,686			6,686
Wastewater issues				1,340		1,340
Returns	502	222	90	18	0	832
Transfers	4,048	186	36	48	0	4,318
Warehouse Credit Adjustments	112	46	6	9	0	173
Warehouse Debit Adjustments	151	98	9	12	0	270
Physical inv adjustments	648	405	211	433	0	1,697
Sales	1	0	0		0	1
Division totals	<u>18,386</u>	<u>8,662</u>	<u>8,767</u>	<u>2,196</u>		<u>38,011</u>

<b>Allocation per Division</b>	<b>48.4%</b>	<b>22.8%</b>	<b>23.1%</b>	<b>5.8%</b>	<b>0.0%</b>	<b>100.0%</b>
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**No transactions for Telecom in these accounting periods**



# Appendix C

## PC Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
PC Users/Manhours 12-month totals	114,594.16	102,682.14	81,049.49	85,725.67	0	384,051.46
8-month system average	76,319.71	68,386.31	53,978.96	57,093.30	-	255,778.27
Telecom PCUsers						
Admin Hours	(144.68)	(132.99)	(113.75)	(96.02)	487.44	0.00
HR Hours	(35.40)	(32.52)	(27.77)	(23.47)	119.15	0.00
SVP-Telecom					1,354.00	1,354.00
Project Manager					1,354.00	1,354.00
Headend Tech	-	-	-	-	1,354.00	1,354.00
Mktg Coord	223.41	223.41	115.09	115.09	677.00	1,354.00
Video Prod	446.82	446.82	230.18	230.18	-	1,354.00
Video Prod	446.82	446.82	230.18	230.18		1,354.00
Total TC employees	936.98	951.54	433.93	455.97	5,345.59	8,124.01
Total 8 month usage	77,256.69	69,337.85	54,412.89	57,549.26	5,345.59	263,902.28
Allocation per Division	29.3%	26.3%	20.6%	21.8%	2.0%	100.0%

## Phone Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
PC Phone/Manhours 12-month totals	149,596.38	145,713.29	112,545.75	89,867.22		497,722.64
8-month system average	99,631.19	97,045.05	74,955.47	59,851.57	-	331,483.28
Telecom PCUsers						
Admin Hours	(144.68)	(132.99)	(113.75)	(96.02)	487.44	0.00
HR Hours	(35.40)	(32.52)	(27.77)	(23.47)	119.15	0.00
SVP-Telecom					1,354.00	1,354.00
Project Manager					1,354.00	1,354.00
Headend Tech	-	-	-	-	1,354.00	1,354.00
Mktg Coord	223.41	223.41	115.09	115.09	677.00	1,354.00
Video Prod	446.82	446.82	230.18	230.18	-	1,354.00
Video Prod	446.82	446.82	230.18	230.18		1,354.00
Total TC employees	936.98	951.54	433.93	455.97	5,345.59	8,124.01
Total 8 month usage	100,568.17	97,996.59	75,389.40	60,307.54	5,345.59	339,607.28
Allocation per Division	29.6%	28.9%	22.2%	17.8%	1.6%	100.0%

## GIS Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
GIS User/Manhours 12-month totals	33,046.97	31,683.05	26,335.82	17,406.83		108,472.67
8-month system average	22,009.28	21,100.91	17,539.66	11,592.95	0.00	72,242.80
Telecom PCUsers						
Admin Hours	(70.79)	(57.71)	(55.17)	(60.04)	243.72	0.00
SVP-Telecom					1,354.00	1,354.00
Project Manager					1,354.00	1,354.00
Total TC employees	(70.79)	(57.71)	(55.17)	(60.04)	2,951.72	2,708.00
Total 8 month usage	21,938.49	21,043.20	17,484.49	11,532.91	2,951.72	74,950.80
Allocation per Division	29.3%	28.1%	23.3%	15.4%	3.9%	100.0%

# Appendix C

## A/P, G/L & Payroll Allocators

Fiscal Year 2004

All Divisions

Accounting Period March - June, 2004

### A/P Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
A/P Transactions-12 months	15,063	13,887	11,642	10,740	0	51,332
8 month average	10,032	9,249	7,754	7,153	-	34,187
Project Telecom 8 months					90	90
	10,032	9,249	7,754	7,153	90	34,277
<b>Allocation per Division</b>	<b>29.3%</b>	<b>27.0%</b>	<b>22.6%</b>	<b>20.9%</b>	<b>0.3%</b>	<b>100.0%</b>

### G/L Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
G/L Transactions-12 months	122,294	111,727	98,913	89,010		421,944
8 month average	81,448	74,410	65,876	59,281	-	281,015
Project Telecom 8 months					744	744
	81,448	74,410	65,876	59,281	744	281,759
<b>Allocation per Division</b>	<b>28.9%</b>	<b>26.4%</b>	<b>23.4%</b>	<b>21.0%</b>	<b>0.3%</b>	<b>100.0%</b>

### Total Payroll Hours Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
G/L Transactions-12 months	228,817	207,012	179,257	155,769	0	770,854
8 month average	152,392	137,870	119,385	103,742	-	513,389
Project Telecom 8 months					5,758	5,758
	152,392	137,870	119,385	103,742	5,758	519,147
<b>Allocation per Division</b>	<b>29.4%</b>	<b>26.6%</b>	<b>23.0%</b>	<b>20.0%</b>	<b>1.1%</b>	<b>100.0%</b>

## Utility Services Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

11 Month Average Jan - Dec (except May)

Service Combination	Electric	Gas	Water	Wastewater	Telecom	Total
E	4,457					
EG	2,506	2,506				
EGS	7	7		7		
EGW	928	928	928			
EGWS	19,726	19,726	19,726	19,726		
EP	344	344				
EPW	13	13	13			
EPWS	8	8	8	8		
ES	8			8		
EW	292		292			
EWS	3,914		3,914	3,914		
G		1,529				
GS		2		2		
GW		2,623	2,623			
GWS		616	616	616		
P		1,634				
S		-		15		
SP		-				
W			2,134			
WP		869	869			
WS			1,243	1,243		
WSP		13	13	13		
Fixed Charges	7,920	749	506	502		
Total Inc. Fixed Charges:	40,123	31,568	32,885	26,055	-	130,631
Telecom Average : July-Feb					0	
Totals Including Telecom	40,123	31,568	32,885	26,055	-	130,631
Allocation per Division	30.7%	24.2%	25.2%	19.9%	0.0%	100.0%

Source: Average of monthly AS400 Queries

## Number of Customers Allocator

Fiscal Year 2004

All Divisions

Accounting Period March - June, 2004

	Month	Electric	Gas	Water	Wastewater	Telecom	Total
	Jan-02	31,765	29,950	31,546	24,736		117,997
	Feb-02	31,858	29,998	31,588	24,799		118,243
	Mar-02	31,887	30,045	31,577	24,784		118,293
	Apr-02	31,941	30,089	31,757	24,906		118,693
	May-02	31,966	30,137	31,810	24,933		118,846
	Jun-02	32,047	30,185	31,890	24,986		119,108
	Jul-02	32,105	30,235	31,962	25,043		119,345
	Aug-02	32,134	30,291	32,007	25,084		119,516
	Sep-02	32,139	30,333	32,058	25,082		119,612
	Oct-02	32,264	30,374	32,076	25,117		119,831
	Nov-02	32,322	30,413	32,144	25,220		120,099
	Dec-02	32,352	30,447	32,171	25,264		120,234
12-mo avg		32,065	30,208	31,882	24,996	-	119,151
Allocation per Division		26.9%	25.4%	26.8%	21.0%	0.0%	100.0%

Source - Query from CIS system

**Service Orders Allocator****Fiscal Year 2004****All Divisions****Accounting Periods July, 2003 through February, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
12-month totals	35,906	37,565	28,940	18,999	-	121,410
8 months prorated	11,969	12,522	9,647	6,333	-	40,470
<b>Allocation per Division</b>	<b>29.6%</b>	<b>30.9%</b>	<b>23.8%</b>	<b>15.7%</b>	<b>0.0%</b>	<b>100.0%</b>

Source - Query from CIS system

**New Customers Added Allocator**

**Fiscal Year 2004**

**All Divisions**

**Accounting Periods July, 2003 through February, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
New Customers	809	684	715	790	0	2998
<b>Allocation per Division</b>	<b>27.0%</b>	<b>22.8%</b>	<b>23.8%</b>	<b>26.4%</b>	<b>0.0%</b>	<b>100.0%</b>

Source - New Accounts Department



# Appendix C

## Composite Average for Departments

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Prior Yr Eng Allocation	25.9%	31.1%	24.8%	18.3%	0.0%	100.0%
Composite average ST PR Hrs in Dept 250	24.8%	25.3%	26.7%	23.1%	0.0%	100.0%
Comp Weighted Avg-300's, VP, Distribution	31.3%	25.6%	28.5%	14.6%	0.0%	100.0%
Composite average-310's, Larry Webster	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Composite average-320's, Wendy Braxter	16.6%	28.1%	34.7%	20.6%	0.0%	100.0%
Composite average-330's, Gary Dorris	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
Composite average-350's, Frank Cantrell	0.0%	0.0%	65.8%	34.2%	0.0%	100.0%
Composite average-380's, Lynn Brooks	33.3%	30.5%	19.0%	17.2%	0.0%	100.0%
Comp Weighted Avg-500's, VP, Info Systems	29.3%	26.9%	21.2%	20.4%	2.2%	100.0%
Comp Weighted Avg-511, 512 Mgr, Operations	29.4%	27.6%	21.4%	19.8%	1.8%	100.0%
Comp Weighted Avg-611,612,613, Mgr, Acctng	29.1%	26.6%	23.1%	20.7%	0.5%	100.0%
Comp Weighted Avg-700, VP Eng & Oper	25.9%	16.8%	25.5%	31.8%	0.0%	100.0%
Comp Weighted Avg-710, Mgr, Oper	60.4%	13.8%	14.4%	11.4%	0.0%	100.0%
Comp Weighted Avg-720	0.0%	0.0%	40.2%	59.8%	0.0%	100.0%
Comp Weighted Avg-730	0.0%	0.0%	21.0%	79.0%	0.0%	100.0%
Comp Weighted Avg-740, Supt Instr & Contrl	36.8%	32.3%	24.0%	6.9%	0.0%	100.0%
Comp Weighted Avg-790, 795,Sup, Bldgs/Grnds	46.2%	12.0%	31.3%	10.5%	0.0%	100.0%
Comp Weighted Avg for 800-VP, Bus Dev	28.0%	27.4%	19.2%	17.0%	8.3%	100.0%
Compostie Customers/Marketing Split	30.6%	29.9%	20.9%	18.6%	0.0%	100.0%
Comp Weighted Avg 900-VP, Cust Serv	27.8%	42.6%	17.1%	12.6%	0.0%	100.1%
Comp Weighted Avg 910-Mrg, Cust Serv	32.8%	27.4%	23.0%	16.8%	0.0%	100.1%
Comp Weighted Avg 915-CSR, Billing	29.6%	30.9%	23.8%	15.7%	0.0%	100.1%
Comp Weighted Avg 940-Mgr, Field Serv	25.8%	47.9%	15.0%	11.3%	0.0%	100.0%
Comp of Dept 945-Servicemen	23.9%	55.0%	12.3%	8.9%	0.0%	100.0%
Average Meter Readers (960)	29.4%	34.8%	20.1%	15.7%	0.0%	100.0%
Comp Weighted Avg 970-Mgr, New Acct Serv	36.9%	38.2%	14.8%	10.1%	0.0%	100.0%

## Telecommunications Division

## Intra-Division Allocators

Fiscal Year 2004

Accounting Periods July, 2003 - February, 2004

	Telecom Total	Cable	Telephone	Internet
General Allocator (O&M)	6.0%	4.8%	0.6%	0.6%
Revenue	0.0%	0.0%	0.0%	0.0%
ST PR Hrs by Div	1.1%	1.0%	0.1%	0.0%
M&S Transactions	0.0%	0.0%	0.0%	0.0%
PC Use by Division	2.0%	1.9%	0.1%	0.1%
Telephone Use by Division	1.6%	1.5%	0.1%	0.1%
GIS Use by Division	3.9%	3.5%	0.2%	0.2%
A/P Transactions by Div	0.3%	0.2%	0.0%	0.1%
GL Transactions by Div	0.3%	0.2%	0.0%	0.1%
PR Hours by Division	1.1%	1.0%	0.1%	0.0%
Utility Services	0.0%	0.0%	0.0%	0.0%
Marketing	0.0%	0.0%	0.0%	0.0%
% Ownership of Building	0.0%	0.0%	0.0%	0.0%
Number of Customers	0.0%	0.0%	0.0%	0.0%
Normal Hours Service Order Ratio	0.0%	0.0%	0.0%	0.0%
New Customers Added	0.0%	0.0%	0.0%	0.0%

**General Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

	<u>Cable</u>	<u>Telephone</u>	<u>Internet</u>	<u>Total</u>
Total O&M	\$ 1,291,063	\$ 159,193	\$ 171,597	\$ 1,621,853
% to Total	79.6%	9.8%	10.6%	100.0%
General allocator-Telecom	6.0%	6.0%	6.0%	6.0%
Intra-Division Allocation	4.8%	0.6%	0.6%	6.0%

**Revenue Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

	<u>Cable</u>	<u>Telephone</u>	<u>Internet</u>	<u>Total</u>
Revenue	\$ -	\$ -	\$ -	-
<b>% to Total</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Revenue Allocator - Telecom	0.0%	0.0%	0.0%	0.0%
<b>Intra-Division Allocation</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**Straight Time Payroll Hours****Fiscal Year 2004****Telecommunications Division****Intra-Divison Allocation****Accounting Periods July, 2003 - February, 2004**

<b>Dept</b>	<b>Title</b>	<b>Telecom</b>	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>	<b>Method</b>
10	Admin Hours	487.44	437.44	25.00	25.00	487.44	Estimate
100	HR Hours	119.15	119.15			119.15	HR Payroll
10	SVP-Telecom	1,354.00	812.40	406.20	135.40	1,354.00	Estimate
370	Project Manager	1,354.00	1,354.00			1,354.00	100% cable
800	Marketing Coordintor	677.00	677.00			677.00	100% cable
780	Headend Tech	1,354.00	1,354.00			1,354.00	100% cable
<b>Total new TC employees</b>		<b>5,345.59</b>	<b>4,753.99</b>	<b>431.20</b>	<b>160.40</b>	<b>5,345.59</b>	
<b>Intra-Division Allocation</b>		<b>1.1%</b>	<b>1.0%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>1.1%</b>	

## M&amp;S transactions for Telecom

Fiscal Year 2004

Telecommunications Division

Intra-Division Allocation

Accounting Periods July, 2003 - February, 2004

Projected Purchase Orders	Cable					Internet	Telephone
	March	April	May	June	Total		
Vendor							
Wave 7 Optics					0	0	0
Alpha Technologies					0		
AFL Fiber					0		
AFL Hardware					0		
AFL Headend Integration					0		
AFL Fiber Equipment					0		
Motorola Digital					0		
Standard Electronics					0		
TVC Distributors					0		
Thomas & Betts					0		
Scientific-Atlanta					0		
NCTC					0		
ATCI					0		
Atlantic Engineering					0		
Installation Contractor					0		
Sales Contractor					0		
Liebert					0		
Fike Fire Suppression					0		
Fiber Management					0		
Fiber Connectors					0		
Miscellaneous					0		
<b>Total</b>	0	0	0	0	0	0	0
Receivers							
Assume average of 2 shipments for each purchase order							
<b>Total</b>	0	0	0	0	0	0	0
<b>Total Purchase Orders &amp; receipts</b>					0	0	0
<b>Intra-Division Allocation</b>				0.0%	0.0%	0.0%	0.0%

**PC Users Allocation**

Fiscal Year 2004

**Telecommunications Division****Intra-Divison Allocation**

Accounting Periods July, 2003 - February, 2004

Dept	Title	PC User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	487.44	387.44	50.00	50.00	487.44
100	HR Hours	1	119.15	119.15	-	-	119.15
10	SVP-Telecom	1	1,354.00	1,083.20	135.40	135.40	1,354.00
370	Project Manager	1	1,354.00	1,354.00	-	-	1,354.00
580	Marketing Coordinator	1	677.00	677.00	-	-	677.00
780	Headend Tech	1	1,354.00	1,354.00	-	-	1,354.00
Total new TC employees			5,345.59	4,974.79	185.40	185.40	5,345.59
<b>Intra-Division Allocation</b>			<b>2.0%</b>	<b>1.9%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>2.0%</b>

**Phone Users Allocation**

Fiscal Year 2004

Telecommunications Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Dept	Title	Phone Users ( 1=Y, 0=N)	Telecom	Cable	Telephone	Interet	Total
10	Admin Hours	1	487.44	387.44	50.00	50.00	487.44
100	HR Hours	1	119.15	119.15	-	-	119.15
10	SVP-Telecom	1	1,354.00	1,083.20	135.40	135.40	1,354.00
370	Project Manager	1	1,354.00	1,354.00	-	-	1,354.00
800	Marketing Coordinator	1	677.00	677.00	-	-	677.00
780	Headend Tech	1	1,354.00	1,354.00	-	-	1,354.00
Total new TC employees			5,345.59	4,974.79	185.40	185.40	5,345.59
<b>Intra-Division Allocation</b>			<b>1.6%</b>	<b>1.5%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>1.6%</b>



**GIS Users Allocation**

Fiscal Year 2004

Telecommunications Division

Intra-Division Allocation

Accounting Periods July, 2003 - February, 2004

Dept	Title	GIS User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	243.72	193.72	25.00	25.00	243.72
10	SVP-Telecom	1	1,354.00	1,083.20	135.40	135.40	1,354.00
370	Project Manager	1	1,354.00	1,354.00	-	-	1,354.00
Total new TC employees			2,951.72	2,630.92	160.40	160.40	2,951.72
Intra-Division Allocation			3.9%	3.5%	0.2%	0.2%	3.9%

**A/P & GL Allocation****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

Projected A/P Transactions for Telecom

<b>Vendor</b>	<b>Cable</b>	<b>Internet</b>	<b>Phone</b>	<b>Telecom Total</b>
Wave 7 Optics	2			2
Alpha Technologies	1			1
AFL Fiber	2			2
AFL Hardware	3			3
AFL Headend Integration	1			1
AFL Fiber Equipment	1			1
Motorola Digital/set-top boxes	1			1
Standard Electronics	1			1
TVC Distributors	1			1
Thomas & Betts	0			0
Scientific-Atlanta	1			1
ATCI	1			1
Atlantic Engineering	4			4
Installation Contractor	0			0
Sales Contractor	0			0
Liebert	1			1
Fike Fire Suppression	1			1
Fiber Management	1			1
Fiber Connectors	1			1
Watlington Bros.	1			1
Key Fire Protection	1			1
King Bradley	1			1
Consultant services	2	2	4	8
Vehicle Expense	4	2	2	8
Rent	4	2	2	8
Billing Services	1	0	0	1
Programming	0	0	0	0
Travel & Entertainment	3	1	1	5
Seminars/Dues	1	1	1	3
Office Supplies	4			4
Advertising	2	1	1	4
Advertising Creative	1	1	1	3
Printing	2	1	1	4
Miscellaneous	8	4	4	16
<b>Total</b>	<b>58</b>	<b>15</b>	<b>17</b>	<b>90</b>
Percentage of Total	64.4%	16.7%	18.9%	100.0%
A/P Allocation - Telecom	0.3%	0.3%	0.3%	0.3%
<b>A/P Intra-Division Allocation</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.3%</b>

**A/P & GL Allocation**

**continued**

G/L Transactions	478	125	141	744
Percentage of Total	64.3%	16.8%	18.9%	100.0%
G/L Allocation - Telecom	0.3%	0.3%	0.3%	0.3%
<b>G/L Intra-Division Allocation</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.3%</b>

**Total Payroll Hours****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

Assumption of overtime percentag      10%

<b>Dept</b>	<b>Title</b>	<b>Telecom</b>	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>	<b>Method</b>
10	Admin Hours	487.44	437.44	25.00	25.00	487.44	Salaried - N/A
100	HR Hours	541.60	541.60			541.60	Salaried - N/A
10	SVP-Telecom	1,354.00	812.40	406.20	135.40	1,354.00	Salaried - N/A
370	Project Manager	1,354.00	1,354.00			1,354.00	Salaried - N/A
800	Marketing Coordintor	667.00	667.00			667.00	Salaried - N/A
780	Headend Tech	1,354.00	1,354.00			1,354.00	Salaried - N/A
Total new TC employees		5,758.04	5,166.44	431.20	160.40	5,758.04	
<b>Intra-Division Allocation</b>		<b>1.1%</b>	<b>1.0%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>1.1%</b>	

## Utility Services Allocator

Fiscal Year 2004

Telecommunications Division

Intra-Division Allocation

Accounting Periods July, 2003 - February, 2004

	<u>Cable</u>	<u>Telephone</u>	<u>Internet</u>	<u>Total</u>
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>% to Total</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Utilities Allocator - Telecom	0.0%	0.0%	0.0%	0.0%
<b>Intra-Division Allocation</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

**Marketing Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

Based on projected number of retail customers

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>% to Total</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Marketing Allocation - Telecom	0.0%	0.0%	0.0%	0.0%
<b>Intra-Division Allocation</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**Number of Customers Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>% to Total</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
No. of Customers Allocator - Telecom	0.0%	0.0%	0.0%	0.0%
<b>Intra-Division Allocation</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**Service Orders Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>% to Total</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Service Order Allocator	0.0%	0.0%	0.0%	0.0%
<b>Intra-Division Allocation</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>



**New Customers Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods July, 2003 - February, 2004**

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>% to Total</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
New Customers Added Allocator	0.0%	0.0%	0.0%	0.0%
<b>Intra-Division Allocation</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

## Jackson Energy Authority

## Fiscal Year 2004 Allocators

## All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
<b>General Allocator (O&amp;M)</b>	27.2%	22.4%	21.2%	23.2%	6.0%	100.0%
<b>Revenue</b>	62.9%	23.0%	6.3%	6.5%	1.3%	100.0%
<b>ST PR Hrs by Div</b>	28.2%	25.8%	22.2%	18.8%	5.0%	100.0%
<b>M&amp;S Transactions</b>	47.3%	22.3%	22.6%	5.7%	2.2%	100.0%
<b>PC Use by Division</b>	27.9%	25.1%	19.7%	20.7%	6.5%	100.0%
<b>Telephone Use by Division</b>	26.7%	26.3%	20.3%	16.2%	10.5%	100.0%
<b>GIS Use by Division</b>	28.3%	26.9%	22.9%	16.0%	6.1%	100.2%
<b>A/P Transactions by Div</b>	28.5%	26.3%	22.0%	20.3%	2.9%	100.0%
<b>GL Transactions by Div</b>	28.1%	25.7%	22.8%	20.5%	2.9%	100.0%
<b>PR Hours by Division</b>	28.3%	25.8%	22.1%	19.2%	4.6%	100.0%
<b>Utility Services</b>	30.2%	23.7%	24.7%	19.6%	1.8%	100.0%
<b>Marketing</b>	25.0%	25.0%	12.5%	12.5%	25.0%	100.0%
<b>% Ownership of Building</b>	33.0%	29.0%	22.0%	16.0%	0.0%	100.0%
<b>Number of Customers</b>	26.3%	24.8%	26.2%	20.5%	2.2%	100.0%
<b>Normal Hrs Srv Order Ratio</b>	27.2%	28.4%	21.9%	14.4%	8.1%	100.0%
<b>New Customers Added</b>	27.0%	22.8%	23.8%	26.4%	0.0%	100.0%

**General Allocator**

**Fiscal Year 2004**

**All Divisions**

**Accounting Periods March, 2004 through June, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
Oper. & Maint. Expense	\$ 7,311,821	\$ 6,015,601	\$ 5,707,814	\$ 6,239,861	\$ 1,621,853	\$ 26,896,949
<b>Allocation per Division</b>	<b>27.2%</b>	<b>22.4%</b>	<b>21.2%</b>	<b>23.2%</b>	<b>6.0%</b>	<b>100.0%</b>

**Revenue Allocator**

**Fiscal Year 2004**

**All Divisions**

**Accounting Periods March, 2004 through June, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
Revenue	94,336,915	34,482,834	9,436,898	9,740,135	2,012,441	\$ 150,009,223
Allocation per Division	62.9%	23.0%	6.3%	6.5%	1.3%	100.0%

**Straight Time Payroll Allocator****Fiscal Year 2004****All Divisions****Accounting Periods March, 2004 through June, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
2002 Straight Time Payroll Hours	207,267	190,116	163,720	138,895	-	699,998
2002 - 4 months average	69,089	63,372	54,573	46,298	-	233,333

<b>Telecom Employees</b>	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
Admin Hours					243.72	243.72
HR Hours					270.80	270.80
SVP-Telecom					677.00	677.00
Adm Assistant					677.00	677.00
Project Manager					677.00	677.00
Broadband Foreman					677.00	677.00
Broadband Service Tech					677.00	677.00
Broadband Service Tech					677.00	677.00
Systems Administrator					677.00	677.00
MIS Coordinator					677.00	677.00
Accounting Assoc.	190.24	173.99	154.36	138.79	19.63	851.00
Sales Clerk					677.00	677.00
Promo Coordinator					677.00	677.00
Mktg Coord					677.00	677.00
Video Prod					677.00	677.00
Video Prod					677.00	677.00
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
BB Credit Clerk	173.99	136.08	142.17	112.38	112.38	813.08
Mgr Broadband Operations					677.00	677.00
Headend Tech					677.00	677.00
Field Serviceman					677.00	677.00
Field Serviceman					677.00	677.00
<b>Total new TC employees</b>	<b>1,100.79</b>	<b>1,079.15</b>	<b>889.57</b>	<b>641.13</b>	<b>12,374.89</b>	<b>16,650.16</b>
<b>Average total for 4 months</b>	<b>70,189.77</b>	<b>64,451.14</b>	<b>55,462.91</b>	<b>46,939.52</b>	<b>12,374.89</b>	<b>249,982.86</b>
<b>Allocation per Division</b>	<b>28.2%</b>	<b>25.8%</b>	<b>22.2%</b>	<b>18.8%</b>	<b>5.0%</b>	<b>100.0%</b>

**Materials & Stores Allocator****Fiscal Year 2004****All Divisions****Accounting Periods March, 2004 through June, 2004**

Inventory Transactions 1/1/02 thru 12/31/02 (no office supplies)

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Totals</b>
Receipts	928	559	868	179		2,534
Invoices	922	567	861	157		2,507
Issues:						
Electric issues	11,074					11,074
Gas issues		6,579				6,579
Water issues			6,686			6,686
Wastewater issues				1,340		1,340
Returns	502	222	90	18		832
Transfers	4,048	186	36	48		4,318
Warehouse Credit Adjustments	112	46	6	9		173
Warehouse Debit Adjustments	151	98	9	12		270
Physical inv adjustments	648	405	211	433		1,697
Sales	1		0			1
Annual Division totals-2002	18,386	8,662	8,767	2,196		38,011
<b>Telecom transactions-projected FY2004:</b>					<b>282</b>	
4-month Division Totals	6,129	2,887	2,922	732	282	12,952
<b>Allocation per Division</b>	<b>47.3%</b>	<b>22.3%</b>	<b>22.6%</b>	<b>5.7%</b>	<b>2.2%</b>	<b>100.0%</b>

## PC Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

Name	Electric	Gas	Water	Wastewater	Telecom	Total
PC Users/Manhours						
12-month totals	113,522.16	102,386.14	80,753.49	85,429.67	-	382,091.46
4-month system average	28,380.54	25,596.54	20,188.37	21,357.42	-	121,131.79
Telecom Employees						
Admin Hours	(72.34)	(66.50)	(56.88)	(48.01)	243.72	-
HR Hours	(80.39)	(73.88)	(63.19)	(53.34)	270.80	-
Kersey, Kim K					677.00	677.00
Telecom-AA					677.00	677.00
Mgr. Broadband Ops					677.00	677.00
Headend Tech					677.00	677.00
Systems Administrator					677.00	677.00
Pope, Darryl, Proj Mgr					677.00	677.00
BB Credit Clerk	425.83	155.71	42.65	44.01	8.80	677.00
Telecom Promo Coord					677.00	677.00
Telecom Mkt Coord					677.00	677.00
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
MIS Coordinator					677.00	677.00
Acctng Assoc	190.24	173.99	154.36	138.79	19.63	850.99
	1,199.92	958.40	669.99	471.39	6,855.30	11,098.06
Combined Totals	29,580.75	26,554.93	20,858.58	21,829.03	6,855.30	105,678.60
Allocation per Division	27.9%	25.1%	19.7%	20.7%	6.5%	100.0%

## Phone Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Phone Users/Manhours 12-month totals	147452.38	145121.29	111953.75	89275.22	0	493802.64
4-month totals	49,150.79	48,373.76	37,317.92	29,758.41		164,600.88
Admin Hours	(72.34)	(66.50)	(56.88)	(48.01)	243.72	-
HR Hours	(80.38)	(73.88)	(63.19)	(53.34)	270.80	0.00
Kersey, Kim K		-			677.00	677.00
Mgr Broadband Ops		-			677.00	677.00
Headend Tech		-			677.00	677.00
Darryl Pope		-			677.00	677.00
BB Forman		-			677.00	677.00
Sales Clerk		-			677.00	677.00
Promo Coord		-			677.00	677.00
Myrna Dupree		-			677.00	677.00
Video Production		-			677.00	677.00
Video Production		-			677.00	677.00
Systems Adm		-			677.00	677.00
MIS Coordinator		-			677.00	677.00
		-				
Kersey, Kim K		-			677.00	677.00
Mgr Broadband Ops		-			677.00	677.00
Headend Tech		-			677.00	677.00
Darryl Pope		-			677.00	677.00
BB Forman		-			677.00	677.00
Sales Clerk		-			677.00	677.00
Promo Coord		-			677.00	677.00
Myrna Dupree		-			677.00	677.00
Video Production		-			677.00	677.00
Video Production		-			677.00	677.00
Systems Adm		-			677.00	677.00
MIS Coordinator		-			677.00	677.00
		-				
Telecom-AA	192.00	173.00	137.00	143.00	32.00	850.00
BB Credit Clerk	192.00	173.00	137.00	143.00	32.00	850.00
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
CSR	184.14	192.27	148.26	97.49	54.84	869.27
Accounting Assoc	190.24	173.99	154.36	138.79	19.63	851.00
		-				
BB Service Tec		-			677.00	677.00
BB Service Tec		-			677.00	677.00
Field Serviceman		-			677.00	677.00
Field Serviceman		-			677.00	677.00
	50,308.88	49,522.46	38,219.25	30,471.81	19,773.51	188,295.89



**Phone Users Allocator**

**Fiscal Year 2004**

**All Divisions**

**Accounting Periods March, 2004 through June, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
<b>Allocation per Division</b>	<b>26.7%</b>	<b>26.3%</b>	<b>20.3%</b>	<b>16.2%</b>	<b>10.5%</b>	<b>100.0%</b>

## GIS Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
GIS Users/Manhours						
12-month totals	31,974.97	31,387.05	26,039.82	17,110.83	0.00	106,512.67
4-month Average	10,658.32	10,462.35	8,679.94	5,703.61	0.00	45,966.57

## Telecom Users

Dept	Name	Electric	Gas	Water	Wastewater	Telecom	Total
10	Admin Hours	(72.34)	(66.49)	(56.88)	(48.01)	243.72	-
10	Kersey, Kim K					677.00	677.00
780	Mgr Broadband Ops					677.00	677.00
370	Pope, Darryl					677.00	677.00
10	Admin Hours	1,104.86	678.34	861.14	942.38	243.72	3,830.46
		1,032.52	611.85	804.26	894.37	2,518.44	5,861.46
4 months totals with Telecom		11,690.85	11,074.20	9,484.20	6,597.98	2,518.44	41,365.68
Allocation per Division		28.3%	26.8%	22.9%	16.0%	6.1%	100.0%

**A/P, G/L & Payroll Allocators****Fiscal Year 2004****All Divisions****Accounting Periods March, 2004 through June, 2004****A/P Allocator**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
A/P Transactions-12 months	15,063	13,887	11,642	10,740		51,332
4 month average	5,021	4,629	3,881	3,580	-	17,111
Project Telecom 4 months					512	512
	5,021	4,629	3,881	3,580	512	17,623
<b>Allocation per Division</b>	<b>28.5%</b>	<b>26.3%</b>	<b>22.0%</b>	<b>20.3%</b>	<b>2.9%</b>	<b>100.0%</b>

**G/L Allocator**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
G/L Transactions-12 months	122,294	111,727	98,913	89,010		421,944
4 month average	40,765	37,242	32,971	29,670	-	140,648
Project Telecom 4 months					4,209	4,209
	40,765	37,242	32,971	29,670	4,209	144,857
<b>Allocation per Division</b>	<b>28.1%</b>	<b>25.7%</b>	<b>22.8%</b>	<b>20.5%</b>	<b>2.9%</b>	<b>100.0%</b>

**Total Payroll Hours Allocator**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
G/L Transactions-12 months	228,817	207,012	179,257	155,769		770,854
4 month average addition Telecom	78,019	71,039	61,048	52,944	-	263,051
Project Telecom 4 months					12,754	12,754
	78,019	71,039	61,048	52,944	12,754	275,804
<b>Allocation per Division</b>	<b>28.3%</b>	<b>25.8%</b>	<b>22.1%</b>	<b>19.2%</b>	<b>4.6%</b>	<b>100.0%</b>

## Utility Services Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

11 Month Average Jan - Dec (except May)

Service Combination	Electric	Gas	Water	Wastewater	Telecom	Total
E	4,457	-				4,457
EG	2,506	2,506				5,011
EGS	7	7		7		22
EGW	928	928	928			2,785
EGWS	19,726	19,726	19,726	19,726		78,904
EP	344	344				689
EPW	13	13	13			39
EPWS	8	8	8	8		32
ES	8	-		8		16
EW	292	-	292			583
EWS	3,914	-	3,914	3,914		11,742
G		1,529				1,529
GS		2		2		5
GW		2,623	2,623			5,246
GWS		616	616	616		1,847
P		1,634				1,634
S		-		15		15
SP		-				-
W		-	2,134			2,134
WP		869	869			1,737
WS		-	1,243	1,243		2,486
WSP		13	13	13		40
Fixed Charges	7,920	749	506	502		9,677
Total Inc. Fixed Charges:	40,123	31,568	32,885	26,055	-	130,631
Telecom Average : Apr-Jun					2,372	2,372
Totals Including Telecom	40,123	31,568	32,885	26,055	2,372	133,003
Allocation per Division	30.2%	23.7%	24.7%	19.6%	1.8%	100.0%

Source: Average of monthly AS400 Queries

## Number of Customers Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

Month	Electric	Gas	Water	Wastewater	Telecom	Total
Jan-02	31,765	29,950	31,546	24,736		117,997
Feb-02	31,858	29,998	31,588	24,799		118,243
Mar-02	31,887	30,045	31,577	24,784		118,293
Apr-02	31,941	30,089	31,757	24,906		118,693
May-02	31,966	30,137	31,810	24,933		118,846
Jun-02	32,047	30,185	31,890	24,986		119,108
Jul-02	32,105	30,235	31,962	25,043		119,345
Aug-02	32,134	30,291	32,007	25,084		119,516
Sep-02	32,139	30,333	32,058	25,082		119,612
Oct-02	32,264	30,374	32,076	25,117		119,831
Nov-02	32,322	30,413	32,144	25,220		120,099
Dec-02	32,352	30,447	32,171	25,264		120,234
12-mo average	32,065	30,208	31,882	24,996	-	119,151
% to Total	26.9%	25.4%	26.8%	21.0%	0.0%	100.0%
Projected Telecom Customers						
Mar					1,779	
Apr					2,372	
May					2,965	
Jun					3,559	
4-mo avg	-		-	-	2,669	
Total 4 month average	32,065	30,208	31,882	24,996	2,669	121,820
Allocation per Division	26.3%	24.8%	26.2%	20.5%	2.2%	100.0%

**Service Orders Allocator****Fiscal Year 2004****All Divisions****Accounting Periods March, 2004 through June, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
12-month totals	35,906	37,565	28,940	18,999	-	121,410
4-month totals	11,969	12,522	9,647	6,333	-	40,470
Telecom:Mar-Jun					3,559	3,559
	11,969	12,522	9,647	6,333	3,559	44,029
<b>Allocation per Division</b>	<b>27.2%</b>	<b>28.4%</b>	<b>21.9%</b>	<b>14.4%</b>	<b>8.1%</b>	<b>100.0%</b>

Source - query from CIS system

**New Customers Added Allocator****Fiscal Year 2004****All Divisions****Accounting Periods March, 2004 through June, 2004**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Telecom</b>	<b>Total</b>
12-months total added*	809	684	715	790	-	2,998
4-month average	270	228	238	263	-	999
Telecom					-	-
Total new customers added	270	228	238	263	-	999
<b>Allocation per Division</b>	<b>27.0%</b>	<b>22.8%</b>	<b>23.8%</b>	<b>26.4%</b>	<b>0.0%</b>	<b>100.0%</b>

**Note: New Accounts Department not involved in the addition of new telecom customer for FY2004**

\* Source - New Accounts Dept

## Composite Average for Departments

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Prior Yr Eng Allocation	25.9%	31.1%	24.8%	18.3%	0.0%	100.0%
Composite average ST PR Hrs in Dept 250	24.8%	25.3%	26.7%	23.1%	0.0%	100.0%
Comp Weighted Avg-300's, VP, Distribution	28.5%	24.9%	27.7%	14.4%	4.5%	100.0%
Composite average-310's, Larry Webster	95.3%	0.0%	0.0%	0.0%	4.7%	100.0%
Composite average-320's, Wendy Braxter	16.6%	28.1%	34.7%	20.6%	0.0%	100.0%
Composite average-330's, Gary Dorris	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
Composite average-350's, Frank Cantrell	0.0%	0.0%	65.8%	34.1%	0.0%	99.9%
Composite average-380's, Lynn Brooks	33.3%	30.5%	19.0%	17.2%	0.0%	100.0%
Comp Weighted Avg-500's, VP, Info Systems	25.0%	23.0%	18.2%	17.4%	16.4%	100.0%
Comp Weighted Avg-511, 512 Mgr, Operations	27.3%	25.7%	20.0%	18.4%	8.5%	100.0%
Comp Weighted Avg-611,612,613, Mgr, Acctng	28.3%	25.9%	22.4%	20.1%	3.3%	100.0%
Comp Weighted Avg-700, VP Eng & Oper	12.8%	12.5%	9.0%	7.9%	57.9%	100.0%
Comp Weighted Avg-710, Mgr, Oper	60.1%	13.6%	14.1%	11.2%	1.0%	100.0%
Comp Weighted Avg-720	0.0%	0.0%	40.2%	59.8%	0.0%	100.0%
Comp Weighted Avg-730	0.0%	0.0%	21.0%	79.0%	0.0%	100.0%
Comp Weighted Avg-740, Supt Instr & Contrl	36.8%	32.3%	24.0%	6.9%	0.0%	100.0%
Comp Weighted Avg-790, 795,Sup, Bldgs/Grnds	46.2%	12.0%	31.3%	10.5%	0.0%	100.0%
Comp Weighted Avg for 800-VP, Bus Dev	12.8%	12.5%	9.0%	7.9%	57.9%	100.0%
Composite Customers/Marketing Split	25.5%	24.9%	18.0%	15.7%	15.9%	100.0%
Comp Weighted Avg 900-VP, Cust Serv	27.0%	39.9%	16.4%	12.1%	4.6%	100.0%
Comp Weighted Avg 910-Mrg, Cust Serv	31.9%	25.8%	21.7%	16.0%	4.6%	100.0%
Comp Weighted Avg 915-CSR, Billing	27.6%	27.8%	22.3%	15.1%	7.2%	100.0%
Comp Weighted Avg 940-Mgr, Field Serv	24.2%	44.7%	14.1%	10.6%	6.4%	100.0%
Average Meter Readers (960)	29.4%	34.8%	20.1%	15.7%	0.0%	100.0%
Comp Weighted Avg 970-Mgr, New Acct Serv	36.9%	38.2%	14.8%	10.1%	0.0%	100.0%
Comp of Dept 945-Servicemen	21.6%	49.7%	11.1%	8.0%	9.6%	100.0%



## Telecommunications Division

## Intra-Division Allocators

Fiscal Year 2004

Accounting Periods March, 2004 - June, 2004

	Telecom Total	Cable	Telephone	Internet
General Allocator (O&M)	6.0%	4.8%	0.6%	0.6%
Revenue	1.3%	0.9%	0.2%	0.2%
ST PR Hrs by Div	5.0%	4.0%	0.5%	0.5%
M&S Transactions	2.2%	2.2%	0.0%	0.0%
PC Use by Division	6.5%	5.3%	0.7%	0.5%
Telephone Use by Division	10.5%	8.3%	1.1%	1.1%
GIS Use by Division	6.1%	4.9%	0.8%	0.4%
A/P Transactions by Div	2.9%	1.9%	0.5%	0.5%
GL Transactions by Div	2.9%	1.9%	0.5%	0.5%
PR Hours by Division	4.6%	3.6%	0.5%	0.5%
Utility Services	1.8%	1.2%	0.2%	0.4%
Marketing	25.0%	16.2%	3.6%	5.2%
% Ownership of Building	0.0%	0.0%	0.0%	0.0%
Number of Customers	2.2%	1.4%	0.3%	0.5%
Normal Hours Service Order Ratio	8.1%	5.2%	1.2%	1.7%
New Customers Added	0.0%	0.0%	0.0%	0.0%

**General Allocator**

**Fiscal Year 2004**

**Telecommunications Division**

**Intra-Divison Allocation**

**Accounting Period March - June, 2004**

	<u>Cable</u>	<u>Telephone</u>	<u>Internet</u>	<u>Total</u>
Total O&M	\$ 1,291,063	\$ 159,193	\$ 171,597	\$ 1,621,853
% to Total	79.6%	9.8%	10.6%	100.0%
General allocator-Telecom	6.0%	6.0%	6.0%	6.0%
<b>Intra-Division Allocation</b>	<b>4.8%</b>	<b>0.6%</b>	<b>0.6%</b>	<b>6.0%</b>

**Revenue Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods March, 2004 - June, 2004**

	<u>Cable</u>	<u>Telephone</u>	<u>Internet</u>	<u>Total</u>
Revenue	\$ 1,462,823	\$ 268,717	\$ 280,896	\$ 2,012,436
<b>% to Total</b>	<b>72.7%</b>	<b>13.4%</b>	<b>14.0%</b>	<b>100.0%</b>
Revenue Allocator - Telecom	1.3%	1.3%	1.3%	1.3%
<b>Intra-Division Allocation</b>	<b>0.9%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>1.3%</b>

## Straight Time Payroll Hours

Fiscal Year 2004

Telecommunications Division

Intra-Division Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	Telecom	Cable	Telephone	Internet	Total	Method
10	Admin Hours	243.72	193.72	25.00	25.00	243.72	Estimate
100	HR Hours	270.80	270.80			270.80	HR Payroll
10	SVP-Telecom	677.00	406.20	203.10	67.70	677.00	Estimate
10	Adm Assistant	677.00	406.20	203.10	67.70	677.00	Estimate
370	Project Manager	677.00	677.00			677.00	100% cable
371	Broadband Foreman	677.00	677.00			677.00	100% cable
371	Broadband Service Tech	677.00	677.00			677.00	100% cable
371	Broadband Service Tech	677.00	677.00			677.00	100% cable
580	Systems Administrator	677.00	677.00			677.00	100% cable
580	MIS Coordinator	677.00	677.00			677.00	100% cable
780	Mgr Broadband Operations	677.00	541.60	67.70	67.70	677.00	Estimate
780	Headend Tech	677.00	677.00			677.00	100% cable
611	Accounting Assoc.	19.63	12.51	3.56	3.56	19.63	GL Transactions
810	Sales Clerk	677.00	436.29	99.64	141.06	677.00	Utility Services
810	Promo Coordinator	677.00	436.29	99.64	141.06	677.00	Utility Services
810	Mktg Coord	677.00	436.29	99.64	141.06	677.00	Utility Services
810	Video Prod	677.00	436.29	99.64	141.06	677.00	Utility Services
810	Video Prod	677.00	436.29	99.64	141.06	677.00	Utility Services
916	CSR	54.84	35.54	7.95	11.35	54.84	Service Orders
916	CSR	54.84	35.54	7.95	11.35	54.84	Service Orders
916	CSR	54.84	35.54	7.95	11.35	54.84	Service Orders
916	CSR	54.84	35.54	7.95	11.35	54.84	Service Orders
930	BB Credit Clerk	112.38	72.76	16.37	23.24	112.38	Utility Services
945	Field Serviceman	667.00	431.92	96.92	138.16	677.00	Service Orders
945	Field Serviceman	667.00	431.92	96.92	138.16	677.00	Service Orders
Total new TC employees		12,354.89	9,830.24	1,242.70	1,281.95	12,374.89	
Intra-Division Allocation		5.0%	4.0%	0.5%	0.5%	5.0%	

## M&amp;S transactions for Telecom

Fiscal Year 2004

Telecommunications Division

Intra-Division Allocation

Accounting Periods March, 2004 - June, 2004

Projected Purchase Orders	Cable					Internet	Telephone
	March	April	May	June	Total		
Vendor							
Wave 7 Optics	2	2	2	2	8	0	0
Alpha Technologies	2	1	1	1	5		
AFL Fiber	2	1	1	1	5		
AFL Hardware	1	1	1	1	4		
AFL Headend Integration	1				1		
AFL Fiber Equipment	3	2	1	1	7		
Motorola Digital	2	1	1	1	5		
Standard Electronics	1			1	2		
TVC Distributors	4	3	2	2	11		
Thomas & Betts	2		2		4		
Scientific-Atlanta	1				1		
NCTC	1	1	1	1	4		
ATCI	1				1		
Atlantic Engineering	1		1		2		
Installation Contractor	1		1		2		
Sales Contractor	1				1		
Liebert	1				1		
Fike Fire Suppression	1				1		
Fiber Management	3	2			5		
Fiber Connectors	2		2		4		
Miscellaneous	5	5	5	5	20		
<b>Total</b>	<b>38</b>	<b>19</b>	<b>21</b>	<b>16</b>	<b>94</b>	<b>0</b>	<b>0</b>
Receivers							
Assume average of 2 shipments for each purchase order							
<b>Total</b>	<b>76</b>	<b>38</b>	<b>42</b>	<b>32</b>	<b>188</b>	<b>0</b>	<b>0</b>
<b>Total Purchase Orders &amp; receipts</b>					<b>282</b>	<b>0</b>	<b>0</b>
<b>Intra-Division Allocation</b>				<b>2.2%</b>	<b>2.2%</b>	<b>0.0%</b>	<b>0.0%</b>

# Appendix F

## PC Users Allocation

Fiscal Year 2004

### Telecommunications Division

#### Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	PC User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	243.72	193.72	25.00	25.00	243.72
100	HR Hours	1	270.80	270.80	-	-	270.80
10	SVP-Telecom	1	677.00	406.20	203.10	67.70	677.00
10	Adm Assistant	1	677.00	406.20	203.10	67.70	677.00
370	Project Manager	1	677.00	677.00	-	-	677.00
371	Broadband Foreman	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
580	Systems Administrator	1	677.00	677.00	-	-	677.00
580	MIS Coordinator	1	677.00	677.00	-	-	677.00
780	Mgr Broadband Operations	1	677.00	541.60	67.70	67.70	677.00
780	Headend Tech	1	677.00	677.00	-	-	677.00
611	Accounting Assoc.	1	19.63	12.51	3.56	3.56	19.63
810	Sales Clerk	0	-	-	-	-	-
810	Promo Coordinator	1	677.00	436.29	99.64	141.06	677.00
810	Mktg Coord	1	677.00	436.29	99.64	141.06	677.00
810	Video Prod	0	-	-	-	-	-
810	Video Prod	0	-	-	-	-	-
916	CSR	1	54.84	35.54	7.95	11.35	54.84
916	CSR	1	54.84	35.54	7.95	11.35	54.84
916	CSR	1	54.84	35.54	7.95	11.35	54.84
916	CSR	1	54.84	35.54	7.95	11.35	54.84
930	BB Credit Clerk	1	8.80	7.04	1.76	1.76	8.80
945	Field Serviceman	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
Total new TC employees			6,855.31	5,560.80	735.32	560.95	6,855.31
Intra-Division Allocation			6.5%	5.3%	0.7%	0.5%	6.5%

# Appendix F

## Phone Users Allocation

Fiscal Year 2004

### Telecommunications Division

#### Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	Phone Users ( 1=Y, 0=N)	Telecom	Cable	Telephone	Interet	Total
10	Admin Hours	1	243.72	193.72	25.00	25.00	243.72
100	HR Hours	1	270.80	270.80	-	-	270.80
10	SVP-Telecom	1	677.00	406.20	203.10	67.70	677.00
10	Adm Assistant	1	677.00	406.20	203.10	67.70	677.00
370	Project Manager	1	677.00	677.00	-	-	677.00
371	Broadband Foreman	1	677.00	677.00	-	-	677.00
371	Broadband Service Tech	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
580	Systems Administrator	1	677.00	677.00	-	-	677.00
580	MIS Coordinator	1	677.00	677.00	-	-	677.00
780	Mgr Broadband Operations	1	677.00	541.60	67.70	67.70	677.00
780	Headend Tech	1	677.00	677.00	-	-	677.00
611	Accounting Assoc.	1	19.63	12.51	3.56	3.56	19.63
810	Sales Clerk	1	677.00	436.29	99.64	141.06	677.00
810	Promo Coordinator	1	677.00	436.29	99.64	141.06	677.00
810	Mktg Coord	1	677.00	436.29	99.64	141.06	677.00
810	Video Prod	1	677.00	436.29	99.64	141.06	677.00
810	Video Prod	1	677.00	436.29	99.64	141.06	677.00
916	CSR	1	54.84	35.54	7.95	11.35	54.84
916	CSR	1	54.84	35.54	7.95	11.35	54.84
916	CSR	1	54.84	35.54	7.95	11.35	54.84
916	CSR	1	54.84	35.54	7.95	11.35	54.84
930	BB Credit Clerk	1	8.80	7.04	1.76	1.76	10.56
945	Field Serviceman	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
Total new TC employees			9,563.31	7,546.68	1,034.25	984.14	9,565.07
Intra-Divison Allocation			10.5%	8.3%	1.1%	1.1%	10.5%

# Appendix F

## GIS Users Allocation

Fiscal Year 2004

### Telecommunications Division

#### Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	GIS User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	243.72	193.72	25.00	25.00	243.72
100	HR Hours	0	-	-	-	-	-
10	SVP-Telecom	1	677.00	406.20	203.10	67.70	677.00
10	Adm Assistant	0	-	-	-	-	-
370	Project Manager	1	677.00	677.00	-	-	677.00
371	Broadband Foreman	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
580	Systems Administrator	0	-	-	-	-	-
580	MIS Coordinator	0	-	-	-	-	-
780	Mgr Broadband Operations	1	677.00	541.60	67.70	67.70	677.00
780	Headend Tech	0	-	-	-	-	-
611	Accounting Assoc.	0	-	-	-	-	-
810	Sales Clerk	0	-	-	-	-	-
810	Promo Coordinator	0	-	-	-	-	-
810	Mktg Coord	0	-	-	-	-	-
810	Video Prod	0	-	-	-	-	-
810	Video Prod	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
930	BB Credit Clerk	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
Total new TC employees			2,274.72	1,818.52	295.80	160.40	2,274.72
Intra-Division Allocation			6.1%	4.9%	0.8%	0.4%	6.1%



**A/P & GL Allocation****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods March, 2004 - June, 2004**

Projected A/P Transactions for Telecom

<b>Vendor</b>	<b>Cable</b>	<b>Internet</b>	<b>Phone</b>	<b>Telecom Total</b>
Wave 7 Optics	4			4
Alpha Technologies	4			4
AFL Fiber	4			4
AFL Hardware	12			12
AFL Headend Integration	1			1
AFL Fiber Equipment	4			4
Motorola Digital/set-top boxes	4			4
Standard Electronics	2			2
TVC Distributors	16			16
Thomas & Betts	12			12
Scientific-Atlanta	1			1
ATCI	0			0
Atlantic Engineering	16			16
Installation Contractor	48			48
Sales Contractor	16	16	16	48
Liebert	0			0
Fike Fire Suppression	0			0
Fiber Management	0			0
Fiber Connectors	8			8
Watlington Bros.	0			0
Key Fire Protection	0			0
King Bradley	0			0
Consultant services	6	6	12	24
Vehicle Expense	8	2	2	12
Rent	8	2	2	12
Billing Services	8	8	8	24
Programming	48			48
Travel & Entertainment	10	3	3	16
Seminars/Dues	6	3	3	12
Office Supplies	24			24
Advertising	18	24	18	60
Advertising Creative	8	8	8	24
Printing	12	6	6	24
Miscellaneous	22	14	12	48
<b>Total</b>	<b>330</b>	<b>92</b>	<b>90</b>	<b>512</b>
<b>Percentage of Total</b>	<b>64.5%</b>	<b>18.0%</b>	<b>17.6%</b>	<b>100.0%</b>
<b>A/P Allocation - Telecom</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>
<b>A/P Intra-Division Allocation</b>	<b>1.9%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>2.9%</b>

## A/P & GL Allocation

### Continued

G/L Transactions	2,714	755	739	4,209
Percentage of Total	64.5%	17.9%	17.6%	100.0%
G/L Allocation - Telecom	2.9%	2.9%	2.9%	2.9%
<b>G/L Intra-Division Allocation</b>	<b>1.9%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>2.9%</b>

# Appendix F

## Total Payroll Hours

Fiscal Year 2004

### Telecommunications Division

#### Intra-Division Allocation

Accounting Periods March, 2004 - June, 2004

Assumption of overtime percentage 10%

Dept	Title	Telecom	Cable	Telephone	Internet	Total	Method
10	Admin Hours	243.72	193.72	25.00	25.00	243.72	Salaried - N/A
100	HR Hours	270.80	270.80			270.80	Salaried - N/A
10	SVP-Telecom	677.00	406.20	203.10	67.70	677.00	Salaried - N/A
10	Adm Assistant	677.00	406.20	203.10	67.70	677.00	Salaried - N/A
370	Project Manager	677.00	677.00			677.00	Salaried - N/A
371	Broadband Foreman	744.70	744.70			744.70	Hourly
371	Broadband Service Tech	744.70	744.70			744.70	Hourly
371	Broadband Service Tech	744.70	744.70			744.70	Hourly
580	Systems Administrator	744.70	744.70			744.70	Hourly
580	MIS Coordinator	744.70	744.70			744.70	Hourly
780	Mgr Broadband Operations	677.00	541.60	67.70	67.70	677.00	Salaried - N/A
780	Headend Tech	744.70	744.70			744.70	Hourly
611	Accounting Assoc.	21.59	13.76	3.92	3.92	21.59	Hourly
810	Sales Clerk	744.70	479.92	109.61	155.17	744.70	Hourly
810	Promo Coordinator	744.70	479.92	109.61	155.17	744.70	Hourly
810	Mktg Coord	744.70	479.92	109.61	155.17	744.70	Hourly
810	Video Prod	744.70	479.92	109.61	155.17	744.70	Hourly
810	Video Prod	744.70	479.92	109.61	155.17	744.70	Hourly
916	CSR	60.32	39.09	8.75	12.49	60.32	Hourly
916	CSR	60.32	39.09	8.75	12.49	60.32	Hourly
916	CSR	60.32	39.09	8.75	12.49	60.32	Hourly
916	CSR	60.32	39.09	8.75	12.49	60.32	Hourly
930	BB Credit Clerk	123.62	80.04	18.01	25.57	123.62	Hourly
945	Field Serviceman	733.70	475.11	106.61	151.98	733.70	Hourly
945	Field Serviceman	733.70	475.11	106.61	151.98	733.70	Hourly
Total new TC employees		12,753.61	10,099.19	1,292.08	1,362.33	12,753.61	
Intra-Division Allocation		4.6%	3.6%	0.5%	0.5%	4.6%	

## Utility Services Allocator

Fiscal Year 2004

## Telecommunications Division

## Intra-Division Allocation

Accounting Periods March, 2004 - June, 2004

	<u>Cable</u>	<u>Telephone</u>	<u>Internet</u>	<u>Total</u>
April, 2004	1,152	259	368	1,779
May, 2004	1,536	346	491	2,373
June, 2004	1,920	432	613	2,965
	<u>4,608</u>	<u>1,037</u>	<u>1,472</u>	<u>7,117</u>
<b>% to Total</b>	<b>64.7%</b>	<b>14.6%</b>	<b>20.7%</b>	<b>100.0%</b>
Utilities Allocator - Telecom	1.8%	1.8%	1.8%	1.8%
<b>Intra-Division Allocation</b>	<b>1.17%</b>	<b>0.26%</b>	<b>0.37%</b>	<b>1.80%</b>

**Marketing Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods March, 2004 - June, 2004**

Based on projected number of retail customers

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
March, 2004	1,152	259	368	1,779
April, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	<b>2,304</b>	<b>517</b>	<b>737</b>	<b>3,558</b>
<b>% to Total</b>	<b>64.8%</b>	<b>14.5%</b>	<b>20.7%</b>	<b>100.0%</b>
Marketing Allocation - Telecom	25.0%	25.0%	25.0%	25.0%
<b>Intra-Division Allocation</b>	<b>16.2%</b>	<b>3.6%</b>	<b>5.2%</b>	<b>25.0%</b>

**Number of Customers Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods March, 2004 - June, 2004**

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
March, 2004	1,152	259	368	1,779
April, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	<b>2,304</b>	<b>517</b>	<b>737</b>	<b>3,558</b>
<b>% to Total</b>	<b>64.8%</b>	<b>14.5%</b>	<b>20.7%</b>	<b>100.0%</b>
No. of Customers Allocator - Telecom	2.2%	2.2%	2.2%	2.2%
<b>Intra-Division Allocation</b>	<b>1.4%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>2.2%</b>

**Service Orders Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods March, 2004 - June, 2004**

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
March, 2004	1,152	259	368	1,779
April, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	<b>2,304</b>	<b>517</b>	<b>737</b>	<b>3,558</b>
<b>% to Total</b>	<b>64.8%</b>	<b>14.5%</b>	<b>20.7%</b>	<b>100.0%</b>
Service Order Allocator	8.1%	8.1%	8.1%	
<b>Intra-Division Allocation</b>	<b>5.2%</b>	<b>1.2%</b>	<b>1.7%</b>	<b>8.1%</b>

**New Customers Allocator****Fiscal Year 2004****Telecommunications Division****Intra-Division Allocation****Accounting Periods March, 2004 - June, 2004**

	<b>Cable</b>	<b>Telephone</b>	<b>Internet</b>	<b>Total</b>
March, 2004	1,152	259	368	1,779
April, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	<b>2,304</b>	<b>517</b>	<b>737</b>	<b>3,558</b>
<b>% to Total</b>	<b>64.8%</b>	<b>14.5%</b>	<b>20.7%</b>	<b>100.0%</b>
New Customers Added Allocator	0.0%	0.0%	0.0%	0.0%
<b>Intra-Division Allocation</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**Note: New Accounts Department not involved in the addition of new telecom customer for FY2004**



# **EXHIBIT D**

**[PRO FORMA FINANCIAL STATEMENTS]**

**Jackson Energy Authority**  
**FTTH Broadband Financial Projections - 2003**  
**Balance Sheet - Telephone**

	Year 1	Year 2	Year 3
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 34,334	\$ 51,300	\$ 445,429
Accounts receivable	6,233	66,346	171,073
Materials and supplies	-	-	-
Total current assets	40,566	117,646	616,501
<b>Restricted/Other Assets</b>			
Debt Service Reserve Fund	-	-	-
<b>Utility Plant</b>			
Telecommunications plant	-	-	-
Less depreciation	-	-	-
Net telecommunications plant	-	-	-
<b>Other Assets</b>			
Unamortized organization expense	-	-	-
Unamortized debt expense	-	-	-
Total other assets	-	-	-
<b>Total Assets</b>	<b>\$ 40,566</b>	<b>\$ 117,646</b>	<b>\$ 616,501</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Current Liabilities</b>			
Access chgs. payable to Cable unit	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Franchise and FCC fees payable	-	9,952	25,661
State income tax	-	-	-
Federal income tax	-	-	-
Property taxes payable	-	1,496	11,613
Total current liabilities	-	11,448	37,273
<b>Long-Term Debt</b>			
Line of Credit Loan Balance	250,000	150,000	-
Total Long-Term Debt	250,000	150,000	-
<b>Capital</b>			
Investment by JEA	-	-	-
Total investments	-	-	-
Reinvested Earnings	-	-	-
Beginning of year	-	(209,434)	(43,802)
Current year net income	(209,434)	165,632	623,029
Total earnings reinvested	(209,434)	(43,802)	579,228
Total capital	(209,434)	(43,802)	579,228
<b>Total Liabilities and Capital</b>	<b>\$ 40,566</b>	<b>\$ 117,646</b>	<b>\$ 616,501</b>

**Jackson Energy Authority**  
**FTTH Broadband Financial Projections - 2003**  
**Income Statement - Telephone**

	Year 1	Year 2	Year 3
<b>Jackson Energy Authority Telecommunications</b>			
<b>Operating Revenue</b>			
Access fees for telephone	\$ 74,790	\$ 796,153	\$ 2,052,870
Total operating revenue	74,790	796,153	2,052,870
<b>Operating Expense</b>			
Operating and Maintenance expense	248,047	262,756	286,150
Access Charges to Cable Unit	22,437	318,461	1,026,435
Taxes other than inc taxes (property)	-	1,496	11,613
State income tax (benefit)	(13,613)	10,766	40,497
Federal income tax (benefit)	(59,620)	43,648	198,061
Local franchise fee	3,740	39,808	102,644
Total operating expense	200,991	676,935	1,665,399
<b>Operating Income (Loss)</b>	(126,200)	119,218	387,471
<b>Other income</b>			
Interest income			
Nonoperating state income tax benefit (expense)	(13,613)	10,766	40,497
Nonoperating federal income tax benefit (expense)	(59,620)	43,648	198,061
Total other income	(73,233)	54,414	238,558
<b>Other expense</b>			
Interest expense on LOC Loan	10,000	8,000	3,000
Total other expense	10,000	8,000	3,000
<b>Net Income (Loss)</b>	\$ (209,434)	\$ 165,632	\$ 623,029

**Jackson Energy Authority**  
**FTTH Broadband Financial Projections - 2003**  
**Cash Flow Statement - Telephone**

	Year 1	Year 2	Year 3
<b>Jackson Energy Authority Telecommunications</b>			
<b>Cash Flows From Operating Activities</b>			
Operating income (loss)	\$ (126,200)	\$ 119,218	\$ 387,471
Adjustments to reconcile net income to net cash			
Depreciation			
Operating federal and state income taxes	(73,233)	54,414	238,558
Amortization of::			
Organization expense			
Debt expense			
Changes in current assets and liabilities			
Accounts receivable	(6,233)	(60,114)	(104,726)
Materials and supplies	-	-	-
Accounts payable			
Consulting fees payable	-	-	-
Franchise and FCC fees payable		9,952	15,709
Property taxes payable	-	1,496	10,117
State income tax payable	-	-	-
Federal income tax payable	-	-	-
Net cash provided (used) by operations	(205,666)	124,966	547,129
<b>Cash Flows From Capital and Related Financing Activities</b>			
Additions to plant	-	-	-
Restricted/Other Assets	-	-	-
Line of Credit Loan	250,000		
Interest paid	(10,000)	(8,000)	(3,000)
Payment of principal on long term debt		(100,000)	(150,000)
Net cash provided (used) by capital and related financing activities	240,000	(108,000)	(153,000)
<b>Net Increase (Decrease) in Cash</b>	34,334	16,966	394,129
Cash beginning of year	-	34,334	51,300
<b>Cash end of year</b>	<b>\$ 34,334</b>	<b>\$ 51,300</b>	<b>\$ 445,429</b>